THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

Printed for the use of the Foreign Office

CONFIDENTIAL

(14223)

FURTHER CORRESPONDENCE

RESPECTING

MOROCCO

PART 70

1932

TABLE OF CONTENTS.

No.	No. and Name.	Date.	Subject.	Page.
	Chapter 1.—SPANISH ZONE.			
1	Sir G. Grahame ... (Madrid) **No. 7**	1932 Jan. 6	Summarises decree defining powers and functions of Civil High Commissioner in Spanish Zone of Morocco	1
2	Sir G. Grahame ... **No. 15**	Jan. 14	Refers to denial by Señor Azaña of Spanish intention of abandoning their zone in Morocco... ...	3
	Chapter 2.—TANGIER ZONE.			
3	Mr. Gurney ... ... (Tangier) **No. 250**	1931 Dec. 31	Encloses order of Committee of Control for vote on account for January 1932	4
4	Mr. Gurney ... ... **No. 2**	1932 Jan. 1	Forwards report on heads of missions at Tangier...	5
5	Mr. Gurney ... ... **No. 4**	Jan. 1	Reports on customs budget	7
6	Mr. Gurney ... ... **No. 12**	Jan. 18	Examines financial situation	8
7	Mr. Gurney ... ... **No. 18**	Feb. 4	Transmits revised budget for 1932	10
8	Mr. Gurney ... ... **No. 50**	Mar. 31	Reports on veto by Committee of Control on proposed expenditure on public works by Assembly	14
9	Mr. Gurney ... ... **No. 73**	May 2	Forwards demands of Tangerines presented to Committee of Control and reply of latter ...	20
10	Mr. Gurney ... ... **No. 79**	May 6	Announces proposal to submit financial position to Governments concerned	26
11	To Lord Tyrrell ... (Paris) **No. 1134** Also to— His Majesty's Representative (Rome) **No. 528** His Majesty's Representative (Madrid) **No. 208**	May 30	Instructs His Majesty's representatives at Paris, Rome, and Madrid (*mutatis mutandis*) to ascertain views of the French, Italian and Spanish Governments on suggestions for balancing Tangier budget	33
12	To Treasury	July 28	Asks sanction to contribute £5,000 a year towards maintenance of international régime	34
13	Treasury	Aug. 15	Sanctions £5,000 contribution towards international régime	38
14	Mr. Gurney ... ... **No. 144**	Oct. 25	Transmits report of French finance expert on Tangier finances	39
15	Mr. Gurney ... ... **No. 148**	Oct. 28	Transmits views of Committee of Control on French finance expert's report	44

No.	No. and Name.	Date.	Subject.	Page
16	Mr. Gurney ... ... **No. 149**	1932 Oct. 31	Encloses report of Major Custance's inspection of international administration	47
17	Mr. Gurney ... ... **No. 150**	Nov. 2	Reports presentation of 1933 budget to Legislative Assembly	48
18	Memorandum ...	...	Treaty provisions in the matter of adjudications ...	52
19	To Mr. Gurney ... **No. 244**	Nov. 21	Authorises acceptance of French or Spanish proposals to relieve Tangier of Port Loan charges ...	59
20	Mr. Gurney ... ... **No. 156**	Nov. 8	Reports examination of 1933 budget by Committee of Control	59
21	Mr. Gurney ... ... **No. 172**	Dec. 23	Reports French proposals to relieve Tangier of Port Loan charges	62
	Chapter 3.—FRENCH ZONE.			
22	Consul-General Edmonds (Rabat) **No. 15**	1932 Jan. 19	Reports French occupation of Tafilelt Oasis ...	65
23	Consul-General Edmonds **No. 37**	Mar. 2	Announces further French progress in subjection of Atlas	66
24	Consul-General Edmonds **No. 56**	Apr. 27	Gives details of loan of 1½ milliard francs obtained by M. Saint	66
25	Consul-General Edmonds **No. 81**	Jan. 21	Contains more details of French encirclement of dissident area in Atlas	68
26	Memoranda ...	...	Extra-territorial privileges in French Zone of Morocco	69

Printed for the use of the Foreign Office.

CONFIDENTIAL.

Further Correspondence respecting Morocco.

PART 70.

CHAPTER I.—SPANISH ZONE.

[W 417/416/28] No. 1.

Sir G. Grahame to Sir John Simon.—(Received January 13.)

(No. 7.)

Madrid, January 6, 1932.

Sir,

I HAVE the honour to inform you, with reference to my despatch No. 513 of the 18th November, that a decree was published in the "Madrid Gazette" of the 31st December defining the powers and functions of the Civil High Commissioner in the Spanish Zone of Morocco.

2. The preamble to the decree explains that it has become necessary to bring a top-heavy and sometimes redundant administration into proportion with the economic value of the zone, and lays down as first principle that, even when the High Commissioner finds it necessary to delegate his military functions, these will remain always subordinated to the civil power.

3. The decree provides that Spanish action in Morocco will be exercised through a Resident-General and High Commissioner appointed by presidential decree, whose first duty is to watch over the maintenance of order in the zone and to lend his assistance to the Makhzen, for which purpose all authorities and armed forces, whether of occupation or native, will be subordinated to him, as well as the coast-watching forces of the navy.

4. The command of all the military forces in the zone will be held by a general officer under the supreme authority of the High Commissioner. No military operation may be undertaken without the authority of the High Commissioner, who, after consultation with the Commander-in-chief, will specify the objective and extent of the operation. In the event of operations, the Commander-in-chief will take the command and will be responsible for their preparation and execution. In cases of urgency, however, either the Commander-in-chief or the commander of any sector or post may adopt the measures considered necessary to combat aggression, the High Commissioner and Commander-in-chief being informed immediately.

5. The Commander-in-chief may deal directly with the Ministry of War in matters relating to the personnel and administration of the forces of the Spanish army in Morocco, but matters affecting organisation or the increase or decrease of Spain's military contingent serving in the zone will be dealt with through the High Commissioner. The personnel, organisation and administration of the Khalifian forces will be regulated by orders issued by the Presidency of the Central Government, the High Commissioner dealing directly with the latter.

6. From the political point of view, the Protectorate Zone will be divided into civil and military regions, and these regions into sectors, according to

geographical position, the condition of the tribes and the degree of pacification attained. The Commander-in-chief will be consulted regarding the organisation of the military regions. The latter, in agreement with the High Commissioner, will distribute his forces of occupation according to the requirements of the situation. In each region and sector there will be an office under an "Interventor" (political officer) representing the High Commissioner. This officer will deal with the native authorities of the region in all matters of a political, judicial and administrative nature. All the Protectorate services existing in his area will be subordinate to this officer. He will collate all information and data regarding the tribes in his sector, and will forward the same to superior authority and to the military authorities in his sector and the political officers in neighbouring sectors. "Interventores" will make every effort (both official and private) to improve the moral and material condition of the tribes. They will act as liaison officers between the Central Makhzen and the Protectorate authorities in order that these may all be kept informed of the conditions prevailing in the regions and ensure that education, health, the administration of justice and other matters may receive proper attention.

7. In the military regions, when the exigencies of the service permit, the "Interventor," in addition to his political duties, will command the native forces in the region. In civil regions the "Interventor" will only act as political officer and not command the forces in the area. He will, nevertheless, maintain close contact with the commander of the native forces in his region.

8. The High Commissariat will consist of—

General Secretariat.
Office of Native Affairs
Office of Public Works.
Office of Finance.
Inspectorate of "Intervenciones" and Khalifian forces.

The Administration of Justice will form part of the Protectorate Government, but will not be part of the High Commissariat.

9. Directly under the High Commissioner there will be a military and a political Cabinet. The former will constitute the liaison between the High Commissariat and the staff of the Commander-in-chief and the armed forces generally, while the latter will deal with all questions affecting Europeans in the zone, the policing of the zone, justice and education as affecting Spaniards, sanitary, labour, social questions, &c.

10. The Office of Native Affairs will control the "Interventores" in the civil regions, and will deal with such matters as the administration of Islamic law, native education and the appointment of native authorities.

11. The Office of Finance will be responsible for all matters affecting finance, economy and taxation in the zone and the inspection of the Moorish budget. This office will prepare annually the estimates of the Khalifa's budget.

12. The Inspector of "Intervención" and Khalifian forces will direct these forces, and will be responsible for political dealings with the native authorities in the military regions. He will maintain close touch with the Office of Native Affairs, which is responsible for political action in the civil regions. This will enable the High Commissioner to co-ordinate, organise, maintain and direct political as well as administrative affairs in his office of Comptroller. This function of the High Commissioner is one and indivisible throughout the whole territory of the Protectorate and his most important function.

I have, &c.
GEORGE GRAHAME.

[W 624/416/28] No. 2.

Sir G. Grahame to Sir John Simon.—(*Received January* 18.)

(No. 15.)
Sir, *Madrid, January* 14, 1932.

I HAVE the honour to inform you, with reference to my despatch No. 5 of the 6th instant, that the Madrid press publishes an extract from an interview given by the President of the Council to the French newspaper the "Heure nouvelle." In this interview, Señor Azaña roundly denied the report that Spain had any intention of abandoning the Spanish Zone in Morocco.

2. An interview with Señor Lerroux was also published recently in an organ entitled "España Nueva" in which, alluding to Morocco, he observed that it was a satisfaction to him, having at an earlier period combated "defeatists" about Spanish action in Morocco, now to note that everyone realised the value of the Spanish Zone to Spain.

I have, &c.
GEORGE GRAHAME.

CHAPTER II.—TANGIER ZONE.

[W 230/13/28] No. 3.

Mr. Gurney to Sir John Simon.—(*Received January* 8, 1932.)

(No. 250.)

Sir, *Tangier, December* 31, 1931.

IN my despatch No. 223 of the 31st October last I had the honour to report that the budget for 1932 had been presented to the International Legislative Assembly on the 29th October, when it was referred to the Finance Commission. This commission has been very dilatory in its examination of the budget, and it has not yet submitted its report to the Assembly. Consequently, in accordance with the terms of article 53 of the Organic Dahir, the Committee of Control has been compelled to order the continued execution of the 1931 budget for the month of January by the system of "douzièmes provisoires." I enclose herein a copy of the order which has to-day been signed by the President in this connexion.

2. In drafting this measure I had originally included, on the recommendation of Mr. Dicken, a proviso to the effect that certain votes for public works should be reduced. My proposal met, however, with objections from the Spanish representative, who represented that such action would go beyond the powers conferred upon the Committee of Control by article 53, and, as there was some justification from a legal point of view for this contention, I agreed to its deletion. I secured, however, the adoption of a motion calling upon the administrator to exercise the greatest possible economy and to reduce expenditure to what is strictly necessary for the maintenance of the essential services of the zone. M. Le Fur and Mr. Dicken, who were present, undertook that this would be done. Even so, however, the receipts for January cannot balance the expenditure, and the Administration will be compelled to draw on certain sums still held in reserve.

3. As reported in my despatch above mentioned, the budget as presented was only balanced on the assumption that relief will be afforded to the zone in respect of the Tangier–Fez Railway and the gendarmerie. No definite reply has been returned by either the French or the Spanish Governments in regard to the former proposal, and from indications which we have received it would not seem probable that so large a reduction as 1 million francs will be realisable. It is, however, still to be hoped that as a result of the inter-zonal conference, for which the Committee of Control continues to press, some alleviation of the charges will be obtained.

4. As I have already reported in my despatch No. 249 of the 29th instant, both the French and the Spanish representatives have received authority to agree to a reduction of the gendarmerie. A concrete scheme has, however, not yet been submitted to the Committee of Control, nor is either of my colleagues in a position to state definitely whether their Governments are, in fact, prepared to continue to make a grant of 500,000 fr. a year towards the cost of the gendarmerie as given in 1931. I have made it clear that my assent to any such reduction must be conditional on its representing a distinct economy for the zone and not merely a saving for the French and Spanish Governments, a point of view with which my French and Spanish colleagues profess complete agreement.

I have, &c.
HUGH GURNEY.

Enclosure in No. 3.

Ordonnance.

LE Comité de Contrôle,

Vu l'article 53 du dahir du 16 février 1924 organisant l'administration de la Zone de Tanger,

Considérant que le projet de budget présenté par l'Administrateur de la Zone à l'Assemblée législative internationale pour l'exercice 1932 n'a pas encore été voté,

Ordonne l'exécution par un douzième pour le mois de janvier 1932 du budget de la zone de 1931 ainsi que des budgets de la douane et de la gendarmerie pour la même année.

En ce qui concerne les dépenses obligatoires, elles seront assurées conformément aux dispositions de l'article 39 de la convention du 18 décembre 1923.

L'Administrateur de la Zone et le Chef du Service de la Douane sont chargés, en ce qui les concerne respectivement, de l'exécution de la présente décision, qui entrera en vigueur le 1er janvier 1932.

Le Président du Comité de Contrôle,
G. BARJONA.

Tanger, le 31 *décembre* 1931.

[W 470/470/28] No. 4.

Mr. Gurney to Sir John Simon.—(*Received January* 14.)

(No. 2. Confidential.)

Sir, *Tangier, January* 1, 1932.

I HAVE the honour to transmit herewith my annual report on the heads of foreign missions at Tangier.

I have, &c.
HUGH GURNEY.

Enclosure in No. 4.

Report on Heads of Foreign Missions at Tangier.

(The passages marked with an asterisk (*) are reproduced unaltered from last year's report.)

**United States of America:* Hon. Maxwell Blake, diplomatic agent and consul-general.

MR. BLAKE has been here since 1915, with the exception of the period between 1922 and 1925, which he spent in Albania and Australia. Owing to the fact that the United States have not adhered to the Tangier Statute, Mr. Blake holds himself aloof from the majority of the affairs which interest his colleagues. He clings tenaciously to every letter of the Act of Algeciras, and one pictures him as holding solemn meetings of the Conseil sanitaire, of which he is now the sole member, while the rest of us are sitting on the Committee of Control.

Though somewhat difficult to deal with, both Mr. Dicken and I have found that, if tactfully approached, he is always ready to discuss matters in which he or his nationals may be affected in a reasonable manner, and it must be admitted that he has placed no unnecessary obstacles in the way of the smooth working of the statute.

He is a man of considerable artistic taste, and has shown great skill in doing up the Legation buildings in the old town, which have for him a sentimental interest, as being the first house acquired by the United States Government for the accommodation of their representatives abroad. It seems doubtful, however, whether his successor, who will probably prefer to live in a more modern quarter, will appreciate the money which has been spent upon the reconstruction of the house.

He is married to a lady of Gibraltarian origin.

(Rewritten in 1931.)

Belgium: Prince Reginald de Croy, consul-general with personal rank of Minister Plenipotentiary since December 1931.

The Vicomte Alain Obert de Thieusies left Tangier in September 1931 and has been succeeded by Prince de Croy. The latter is well known in London, where he has served for some years at the Belgian Embassy, and he comes here with an

excellent reputation. He will be called upon to act as President of the Committee of Control during 1932, and it is to be hoped that he will discharge the duties of the office with efficiency, in spite of the fact that he is handicapped by having no adequate staff to support him.

**France:* M. Pierre de Witasse, consul-general since December 1926, with personal rank of Minister Plenipotentiary.

M. de Witasse, who is in the French consular service and is directly attached to the Administration of the French Zone of Morocco, has spent most of his career in the Near East, having served at Cairo, Genoa, Smyrna and Alexandria. He has also been employed at the residency-general at Tunis, and before coming here had been in charge of the Oudjda district of French Morocco, where he acquired the reputation of an able administrator. He is a pleasant colleague to work with, combining, as he does, French wit with a good deal of common sense, and we get on very well together. He seems genuinely anxious to make the statute a success, and not to put French interests unduly in the foreground. He has a difficult colony to deal with, and though he was warmly welcomed by them on arrival, I believe that, like his predecessor, he is not now very popular with them.

He is married, and both he and his wife speak fairly good English and are devoted to golf

He was given the rank of Minister Plenipotentiary in October 1928.

(Written in 1928 and 1929.)

**Holland:* M. F. Gerth van Wijk, consul-general since January 1925.

He was previously consul in Moscow, Petrograd and Zurich. As stated by my predecessor, he is a sound and friendly colleague. Though never assuming a prominent part in discussions, he can be relied upon to take a reasonable and unprejudiced view of matters dealt with by the Committee of Control. His businesslike and tactful qualities have led to his appointment as representative of the Committee of Control on the Port Commission. He speaks several languages fluently, including English.

He is married to a lady of Italian origin,

He was given the Legion of Honour in 1927 on the recommendation of the French consul-general, ostensibly for his services on the Port Commission.

(Written in 1927 and 1929.)

Italy: Vacant.

M. de Facendis left Tangier during the summer on transfer to the Foreign Office at Rome, and his place has not yet been filled.

Portugal: M. Gastão Barjona de Freitas, consul-general since 1930.

M. Barjona was at Tangier as consul-general from the middle of 1928 until the end of 1929, when he was appointed consul-general at Paris. He returned to Tangier at the end of 1930 in time to take over the presidency of the Committee of Control for 1931. He has discharged the duties of that office conscientiously and tactfully, although he has perhaps been inclined to intervene in administrative matters rather more than was strictly necessary or constitutional. He is a loyal colleague on whose support I feel that I can rely with confidence.

He was for some time consul at Cardiff and speaks excellent English. He has an American wife.

Spain: Don Placido Alvárez Buylla, consul-general with personal rank of Minister Plenipotentiary since July 1931.

M. Buylla succeeded M. Saavedra soon after the formation of the Spanish republic.

He at one time served at the Spanish consulate at Tangier, where I understand that he identified himself with the Republican party. He is an intimate friend of Señor Lerroux and on the fall of the monarchy was appointed counsellor of Embassy at Paris, where he acted as Chargé d'Affaires on the resignation of Señor Quiñones de León.

I have found him a good deal more businesslike, and consequently easier to deal with, than any of his numerous predecessors. He professes an earnest desire to support the International Administration in every way and, unlike his predecessors, appears to take a broad view on matters which come before the Committee of Control. His good intentions have, however, not yet been translated into acts, and on the whole I am inclined to suspend judgment on M. Buylla.

He is unmarried and is fond of shooting.

Brazil, Denmark, Norway and *Sweden* are represented by trading consuls.

[W 471/13/28] No. 5.

Mr. Gurney to Sir John Simon.—(*Received January* 14.)

(No. 4.)

Sir, *Tangier, January* 1, 1933.

WITH reference to my despatch No. 250 of the 31st December last, I have the honour to report that, although the Assembly have not yet had an opportunity of voting on the budget as a whole, the Customs budget, which is presented separately, was examined by them early in December and passed with a very substantial reduction in the provision for personnel.

2. As you are aware, protests have been made by the Assembly every year since 1926 against the excessive cost of the Customs service, but they have hitherto not had sufficient determination actually to reduce the Customs vote. In 1930 an enquiry was made into the matter by the Committee of Control on my motion and resulted in the French undertaking to make a contribution of 500,000 fr. towards the cost of the Customs. It had been hoped that the budget itself would have been reduced as a result of our enquiry, since even with this contribution the cost of the service to the zone is still excessive, but no appreciable reduction was made in the Customs budget either for 1931 or for 1932, and when the latter budget was examined the Assembly decided to reduce the vote for personnel from 2,464,585 fr. to 1,200,000 fr.

3. It is provided in article 39 of the statute that in the event of disagreement between the Customs service and the Administration the dispute is to be arbitrated by the Committee of Control. After ascertaining therefore that the Customs service was not prepared to accept the proposed reduction the Committee of Control undertook the arbitration thus provided for, and on the 31st December adopted the decision of which I enclose a copy herein.(1) It will be seen that this decision, which I drafted myself at the request of my colleagues, provides for a reduction of the vote in question to 2 million francs subject to the continued payment of a contribution of 500,000 fr. by the Shereefian Government and on the understanding that further reductions will be made next year. Taking the French contribution into consideration, the effect of the award is that the sum due from the zone on this account will amount to 1,500,000 fr., and it represents a saving of some 460,000 fr., which will materially help to balance the budget.

4. The Committee of Control heard the Director of Customs of the Tangier Zone as well as M. Serra, the Director of Customs of the French Zone, who is his immediate chief and is responsible for the preparation of the Customs budget. We also heard the Vice-Presidents of the Assembly, the administrator and the Director of Finance. It was generally recognised that the expenses of collection were out of proportion to the sums collected, but it was clearly difficult for the Committee of Control, without technical knowledge, to express any definite opinion as to what the percentage should be. It was also difficult for us to dispute the opinion expressed by M. Serra as to the staff required. He himself admitted, however, that the staff was in some ways excessive, and expressed his readiness to effect economies amounting to some 200,000 fr., whilst representing that it was difficult for him to reduce the staff in view of political considerations, and that certain allowances could not be cut down without affecting the position of all French officials serving at Tangier (school-teachers, &c.). Amongst the political considerations he mentioned the position of the Spanish "Interventor," whose salary is at present chargeable to the Customs budget. I disputed his

(1) Not printed

figures in some particulars, and insisted on the need in present circumstances of curtailing all unnecessary expenditure and the removal of all superfluous personnel irrespective of political considerations for which the zone was not responsible. I also recalled that the appointment of the "Interventor" was not provided for by the statute, but resulted from letters exchanged between the French and Spanish Governments at the time of the signature of the convention. The arrangement was in no way binding on the Administration, and it did not seem reasonable that the salary of this official should be a charge upon Tangier.

5. In drafting a preliminary arbitral decision I had called for a considerably larger reduction in the vote than that which I finally accepted, basing my demands on the average percentage of costs in the French Zone. I did this largely for bargaining purposes and from a tactical point of view, and I realised that it was difficult, if not impossible, to lay down any hard and fast percentage and that the geographical and political position of the zone is such that its Customs service must necessarily be of a comparatively costly nature. I also considered that even if I demanded a really large reduction and could get my colleagues to agree to it, it would be a matter of real difficulty for M. Serra to put it into effect, apart from the question of the degree in which it might jeopardise the efficiency of the service, and that it would in any case not be politic to press the French authorities too far. I accordingly eventually put forward the figure mentioned above, which met with general agreement, although my French colleague endeavoured to secure an increase. My final draft was accepted unanimously, and, judging from the opinions expressed by Lieutenant-Colonel Ellis and Mr. Dicken, I hope that it may not prove unacceptable to the Assembly. I fear, however, that M. Serra will not be equally satisfied.

6. After adopting the decision the committee further agreed, on my motion, to call once more upon the Spanish Zone to follow the example set by the French and make a contribution to the cost of the Customs. They also suggested to the administrator the desirability of opening negotiations with the Spanish Zone for the revision of the customs agreement concluded in 1928 with a view to the removal of the present statistical posts, the Tangier Zone to hand over a lump sum calculated on the basis of the figures of the last few years instead of the actual amount of the customs duties levied on goods landed at Tangier and passing to the Spanish Zone. Such an agreement should enable still further economies to be effected in the Customs Administration, but it will not be possible to remove the control over goods passing between the two zones until consumption duties are equalised, which in turn depends upon the stabilisation of the peseta. It is to be hoped that even if this scheme is not found to be practicable it will be possible to induce the Spanish Zone to agree to the proposal already made to them for the deduction of a reasonable percentage for costs of collection from the sums handed over to them on account of customs duties.

I have, &c.
HUGH GURNEY.

[W 972/13/28] No. 6.

Mr. Gurney to Sir John Simon.—(*Received January* 28.)

(No. 12.)
Sir, *Tangier, January* 18, 1932.

WITH reference to my despatch No. 250 of the 31st December last, I have the honour to report that the financial situation of the zone was again examined at to-day's meeting of the Committee of Control.

2. The question was raised by a letter which had been addressed by the Administrator to the president of the Committee of Control calling attention to the fact that the principle of "douzièmes provisoires" was an exceptional one which could not be continued without grave inconvenience and pointing out that it was essential that the budget for 1932 should be voted by the Assembly without further delay. He proposed therefore to bring the budget before the Assembly in open session at an early date. Before doing so, however, he desired to ask

for definite authority to limit the provision for the amount payable by Tangier on account of the Tangier–Fez Railway to 750,000 fr. and the provision for the gendarmerie to 500,000 fr. He also asked permission to budget on the receipt side for a sum of 200,000 fr. representing the amount of the *taxe spéciale* collected on goods imported into Tangier and intended for the Spanish Zone.

3. M. le Fur had written this letter as a result of a discussion I had had with Mr. Dicken, the Director of Finance, and the British delegation. Mr. Dicken had at that time recommended that the Assembly should proceed forthwith with an examination of the budget on this basis, but I had suggested that it would be preferable to bring the matter once more before the Committee of Control in the hope that my French and Spanish colleagues would be by now in a position to communicate definite information in regard to the attitude of their Governments on these questions.

4. At the meeting of the Committee of Control, M. de Witasse and M. Buylla (the latter of whom has just returned from a visit to Madrid) stated that their Governments were ready to agree to an examination of the question of the Tangier–Fez Railway at an inter-zonal conference, which could, they thought, be held early next month. This conference would, however, only be in a position to examine the question and make a report, and any decision in the matter must rest with the French and Spanish Governments. There must, therefore, be considerable delay before a settlement could be reached. In view, however, of a statement made by Mr. Dicken, who, with M. le Fur, was present at our meeting, it was decided that it would be sufficient if the sum to be provided on this account was limited in 1931 to 750,000 fr. as proposed by the Administrator. Mr. Dicken explained that he had at last received a definite claim from the Tangier–Fez Railway for payments due up to the end of 1930 amounting to some 750,000 fr. On the other hand, the sum set aside for the purpose of meeting such claims amounted to nearly 1,900,000 fr. After satisfying the claim up to the end of 1930, therefore, there would remain some 1,150,000 fr., which should be ample to meet any claims which might be made in respect of the years 1930 and 1931, even if the conference did not result in a substantial reduction in the sums hitherto demanded.

5. As regards the gendarmerie, M. de Witasse and M. Buylla stated that their Governments were prepared to agree to a modification in the numbers of the gendarmerie, which would reduce the cost by a sum of 800,000 or 900,000 fr. a year. Whilst, however, the French Government were ready to continue to contribute towards the cost of the gendarmerie at the rate of 500,000 fr. a year, the Spanish Government could not definitely commit themselves on the subject since, although they had included a provision for the payment of this amount in the budget for 1932, the budget had not yet been voted by the Cortes. In any case the necessary arrangements could not be made at once and it would not therefore be safe to count on a reduction for this year of more than 500,000 fr. We accordingly agreed that the sum to be budgeted for should amount to 1 million francs, instead of 1,500,000 as laid down in the protocol.

6. I should mention in this connexion that we agreed that, although in the protocol it is laid down that the Tangier Zone must contribute this sum of 1,500,000 fr. towards the cost of the gendarmerie, if the Committee of Control agreed unanimously (as its members had declared their readiness to do) that the numbers might be reduced, there was nothing to prevent a corresponding reduction in the cost of the force to the zone.

7. As regards the *taxe spéciale*, M. Buylla stated that his Government had authorised the Spanish Zone to abandon to Tangier all receipts on account of the *taxe spéciale* for 1932 without prejudice to the question of principle involved. The Spanish Zone were at liberty to take what decision they liked in the matter, but it was to be assumed that they would act on the suggestion of the Spanish Government. In view of this statement the Committee of Control felt justified in authorising the Administrator to budget for a receipt under this head as estimated by him at 200,000 fr.

8. In reply to an enquiry whether these provisions would enable him to balance his budget, Mr. Dicken informed us that taking the above sums into consideration together with the saving of 400,000 fr. resulting from the decision of the Committee of Control in regard to the Customs budget he foresaw a small surplus. We accordingly authorised M. le Fur to present a budget on this basis, urging at the same time that he should represent to the Assembly the necessity of

voting it before the end of the month. He undertook to call a meeting of the Assembly for the 25th instant and to arrange that the budget as passed should be communicated to the Committee of Control in time for its approval by the 31st instant.

9. I took advantage of this opportunity to impress upon the Administrator and my colleagues the importance of insisting on the adoption of every possible measure of economy, and I particularly represented that the Assembly should not be allowed to whittle down, as there seemed a desire to do, the proposals of the Administration in regard to the reduction of posts. I pointed out that since the zone was asking for pecuniary assistance from the Powers it was essential to show that it was itself making every effort to effect economies and to reduce expenditure to the lowest possible limits. Once, therefore, the Administrator had admitted that no economy in staff was possible it was incumbent on him to do his utmost to ensure that his proposals were put into effect and no question of private interest ought to be allowed to interfere with their realisation. I, at the same time, called upon my colleagues to support the efforts of the Administrator in this direction by recommending his proposals to their delegates. I fear, however, that my representations will have very little effect, particularly in view of the weakness hitherto displayed by M. le Fur towards the Assembly and the disinclination manifested by my French colleague to approach his delegates in the matter.

10. My Spanish colleague raised at the same time the question of a reduction in salaries, which he said ought to be effected if a reduction of staff were decided upon. M. de Witasse made a strong plea in favour of the maintenance of the present scale of salaries, in view of the probability of the resignation of those officials of the zone who were recruited from elsewhere if any appreciable reduction were made in their emoluments, but we ultimately agreed that in the letter to be addressed to the Administrator in reply to his communication, the attention of M. le Fur should be called to the necessity not only of securing the adoption of the budget before the end of the month, but also of effecting all possible economies in staff and emoluments compatible with the maintenance of an efficient administrative service.

I have, &c.
HUGH GURNEY.

[W 1750/13/28] No. 7.

Mr. Gurney to Sir John Simon.—(*Received February* 12.)

(No. 18.)

Sir, *Tangier, February* 4, 1932.

WITH reference to my despatch No. 12 of the 18th ultimo, I have the honour to report that the revised budget was submitted to the Assembly on the 25th ultimo and was adopted by them with certain modifications after three days' debate. It was approved by the Committee of Control on the 30th January so that it was possible to promulgate it before the end of the month and thus to avoid the necessity for a further "douzième provisoire."

2. I will forward a copy of the budget when it appears in the "Bulletin officiel." Meanwhile, I enclose a summary showing the main headings compared with those of the budget as originally submitted to the Assembly, and also of the budget for 1931.

3. It will be seen that the principal alterations in the figures are in connexion with the customs receipts and the provision for payments on account of the Tangier–Fez Railway. To take the latter first, it had originally been decided by the Administration, with the approval of the Committee of Control, to budget for an expenditure of 750,000 fr. only on this account. The sum provisionally estimated by the company amounts to 1,450,000 fr., but in view of the fact that negotiations with the other zones for a reduction of these charges are pending, and that the reserve account ear-marked for the railway is amply sufficient to meet the obligations of the zone for 1931 and 1932, even if no alleviation of the charges is admitted, it was considered justifiable to confine the

budgetary provision on this account to the sum of 750,000 fr. above mentioned. When the budget again came before the Assembly, however, the Spanish delegation proposed that the higher figure should be inserted and insisted, for the first time in the history of the Assembly, on a nominal vote being taken. This motion took the Assembly by surprise, and although it was opposed by the French delegation it was carried by a small majority. Although the proposition can no doubt be justified on financial grounds, the action of the Spanish delegation appears to have been mainly inspired by a desire to "saboter" the budget by placing it in deficit at the last moment. They did not, however, persist in their manœuvre, and the Assembly agreed, later on, on the proposal of Lieut.-Colonel Ellis, that the increased vote could be covered (on paper at any rate) by a corresponding increase in the estimated receipts from customs and the *taxe spéciale*. It was pointed out that the estimate of receipts had been framed, not on the average of receipts for the last three years which has usually formed the basis of calculation, but on the receipts for 1931, which were exceptionally bad, and as it was quite uncertain what the actual receipts would be it was quite justifiable to increase the estimates as proposed. They would still be less than the average of the last three years.

4. It was certainly wise of Mr. Dicken to base his estimate of receipts on those for 1931 in view of the prevailing world crisis and the probability that it will continue for some time to come, but in view of the fact that the money to meet all probable claims on account of the Tangier–Fez Railway is available in the reserve fund, even if the customs receipts fall short of the proposed estimate, Mr. Dicken accepted the proposal. It was also approved by the Committee of Control for the same reason and in view of the fact that if the budget had been rejected on this account it would have been necessary to have recourse to a further "douzième provisoire" as an amended budget could not have been voted in time. I was also somewhat reassured on learning from Mr. Dicken that the receipts for December showed a welcome increase over those for the preceding months.

5. A corresponding increase was also made in the estimated receipts from the *taxe spéciale*, already increased by the sum of 200,000 fr., which it is expected that the Spanish Zone will permit the Tangier Zone to retain for 1932 on this account, as reported in my despatch No. 12.

6. As reported in my despatch No. 223 of the 31st October last, the budget as introduced made provision for receipts from a new tax to be instituted on payments made by the Treasury, including disbursements on account of the salaries of officials. This proposal gave rise to a good deal of debate as some members desired to increase the tax from 1 to 5 per cent., or alternatively to reduce the salaries of officials by a corresponding amount. It was ultimately agreed that the tax should be levied on a graduated scale, so that it will not be leviable on payments of less than 1,000 fr., whilst on those exceeding 2,000 fr. it will amount to 2 per cent. Certain statutory payments are also exempt, but it will be applicable to payments made to all officials of the zone, including those in the service of the Customs and the gendarmerie. It is expected to bring in 200,000 fr. a year.

7. The proposals put forward by the Administration for an increase in the registration and stamp duties were also accepted by the Assembly with certain modifications. These measures include a small tax on real estate changing hands on death whenever such property is mentioned in any document submitted for registration or immatriculation. The increased duties are calculated to produce an additional revenue of 400,000 fr., which will go some way towards making good the decrease in receipts from the existing duties in the light of last year's receipts.

8. The Assembly also accepted a proposal put forward by the Administration for the increase of the tax payable by itinerant vendors, which is expected to increase the receipts under this head by 15,000 fr.

9. New taxation is thus expected to bring in an additional revenue of some 615,000 fr.

10. It is satisfactory to note that some effort has been made to increase receipts, but it is equally unsatisfactory to record the disinclination shown by the Assembly to cut down expenditure to any appreciable extent. They refused, for instance, to accept the proposals of the Administration for a reduction of staff, although it has constantly been represented that the administrative personnel is redundant, avowedly on the ground that it would be unfair to throw

the occupants of those posts out of work. Fortunately they did ultimately pass a resolution to the effect that the posts in question should be suppressed as and when they became vacant, but meanwhile the Administration is saddled with a number of unnecessary and incompetent officials. The Assembly also refused to consider other proposals for economies which were advocated by the British delegation. I have not yet seen the *procès-verbal* of the meeting, but I understand that the British delegates were alone in urging these economies, and that it would appear that, in spite of the appeal which I made to them at the last meeting of the Committee of Control, my colleagues failed to bring their delegates to realise that when the Assembly is appealing to the Powers for financial assistance it is incumbent upon them to show that every effort is being made to cut down expenditure within the lowest possible limits. So far, indeed, were the Assembly from voting economies that it actually adopted a proposal for the institution of a town band at a cost of 40,000 fr. by a majority which included all except the three British members.

11. The blame for this state of things must, however, be shared by my colleagues with the Administrator, who sets a bad example by insisting on the inclusion in the budget of an entertainment allowance for himself and who takes no active steps to discourage the tendency to extravagance shown by the Assembly.

12. Compared with last year's budget, receipts show a total diminution of about 2,200,000 fr. (22,460,000 fr. for 1932 as compared with 24,661,000 fr. for 1931). This decrease is mainly accounted for by the drop in receipts from customs and *taxe spéciale*, which are expected to produce together just under 10 million francs as compared with 11,800,000 fr. in 1931, whilst the actual fall in receipts may and probably will be still greater. In spite, too, of the heavy increase in stamp and registration duties this item is expected to produce nearly 200,000 fr. less than in 1931. On the other hand, a slightly larger receipt is anticipated from monopolies, &c. (1,885,000 fr. as compared with 1,790,000 fr.), since a revenue of 400,000 fr. is expected to be received for the first time from the Water Company. This will rather more than make good the expected decrease in receipts from the Tobacco Monopoly.

13. I am glad to say that I was able to obtain an assurance from my French colleague that the French authorities will continue to contribute the sum of 500,000 fr. towards the cost of the Customs.

14. As regards expenditure, the items included under the heading of "Loan Services" remain much the same as in 1931, at just under 6 million francs. The share of Tangier in the service of the 1904 and 1910 loans is still estimated at 500,000 fr. It will be recollected, in this connexion, that the precise amount due, which should be based upon the customs receipts of the three zones, has never yet been definitely settled, although some figures have at last been obtained from the Spanish Zone. The French authorities, however, have stated that they will in no case ask for more than the 500,000 fr. which has hitherto been paid annually under this head, so long, at any rate, as the statute remains in force. Similarly, the amount due on account of the cost of construction of the Tangier–Fez Railway has not yet been definitely settled, although the claims put forward by the company have been paid up to the end of 1930. During the last few years the amount set aside annually for this purpose amounted to 1,750,000 fr., but the company's estimates now amount to not more than 1,450,000 fr., and it is hoped that the French and Spanish Governments may agree to relieve Tangier of a portion of this amount, which, although less than the sum which it had been feared might be claimed, is still excessive, when it is recollected that the length of line in the zone only amounts to 14 kilom. It should be mentioned, in this connexion, that the company's estimates are not final, as they are subject to acceptance by the French and Spanish Governments, who might conceivably insist on the Tangier share being materially increased.

15. As regards administrative expenditure, there is a reduction in the vote for each Department, amounting in the case of that for Municipal Public Works to as much as 340,000 fr., so that the total has fallen from 18,270,000 fr. in 1931 to some 16,508,000 fr. for 1932, representing a reduction of about 1,765,000 fr. Of this sum 500,000 fr. represent the anticipated saving on the gendarmerie, in the event of agreement being reached in regard to the proposed reduction of the force. A scheme for such reduction has been agreed upon between the French and Spanish representatives, but it still awaits the approval of their Governments and the ratification of the Committee of Control.

16. Another 480,000 fr. is accounted for by the reduction in the Customs budget, consequent on the arbitral decision of the Committee of Control reported in my despatch No. 4 of the 1st January, so that the total saving on administrative expenditure proper amounts to no more than some 780,000 fr.

17. Further economies might have been effected if the proposals of the Administration for the reduction of staff had been accepted, as well as certain other proposals which had been mooted and were quite realisable in respect to the municipal dispensary, which is over-staffed and does very little useful work. In both cases, however, neither the French nor the Spanish delegates were willing to sacrifice officials of their nationality.

18. Whilst the total vote for State and Municipal Public Works is reduced by 480,000 fr. as compared with 1931, it is to be hoped that it will be found possible to finance a modest programme of new works as in previous years, representing an expenditure of some 2 million francs. Some 800,000 fr. voted in 1931 still remain unspent, whilst the reserve fund still contains some 2,500,000, after deducting a sum of 500,000 fr. required to meet the deficit of 1931, and apart from the statutory reserve of a million francs and the sums earmarked for the Tangier–Fez Railway.

19. The total deficit for the year 1931 is now estimated at 2,500,000 fr. The Administration was authorised in June last to draw on the reserves to the extent of 2 million francs to meet this deficit, and a law has now been approved authorising the withdrawal of a further sum of 500,000 fr., as above mentioned, for the same purpose.

20. It will be recollected that it had been anticipated at one time that this deficit might amount to some 4 millions, and it is at least satisfactory to note that it has not attained this figure.

21. On the whole, the position disclosed by the budget is rather better than had at one time been anticipated, and the budget has after all been made to balance without any material assistance from the Powers. That this is the case is largely due to the foresight shown by Mr. Dicken in framing his budgets in the past. His estimates have throughout been kept within the lowest possible limits permitted by the statute, and have resulted in the accumulation of a reserve fund which has enabled the zone to make good the loss of revenue experienced in 1931, and even to meet any probable deficit for 1932. In consequence of this policy, however, it is difficult now to make any considerable cuts in expenditure beyond those proposed by Mr. Dicken, so long, at any rate, as the administrative staff imposed by the statute is maintained.

I have, &c.
HUGH GURNEY.

Enclosure in No. 7.

Tangier Budget, 1932: *Summary of Provisions.*

(1) *General Receipts.*

	1931.	1932. As presented.	1932. As passed.
Direct taxes—			
Taxe urbaine	2,025,000	2,100,000	2,100,000
Indirect taxes—			
Customs	9,178,000	6,750,000	7,350,000
Taxe spéciale	2,621,000	2,140,000	2,440,000
Taxes de consommation ...	2,544,000	2,531,000	2,531,000
Registration and stamp duties	1,650,000	1,470,000	1,470,000
Tobacco tax	700,000	560,000	560,000
Tax on Treasury payments	...	150,000	200,000
Domains	120,000	120,000	120,000
Monopolies, &c.	1,790,000	1,885,000	1,885,000
Miscellaneous	1,507,000	1,452,000	1,452,000
	22,185,000	19,158,000	20,018,000

(2) *Municipal Receipts.*

Direct taxes—			
Tax on vehicles... ...	300,000	300,000	300,000
Indirect taxes—			
Gate tax	665,000	610,000	610,000
Market tax, &c. ...	900,000	825,000	825,000
Miscellaneous	611,000	602,000	617,000
	2,476,000	2,337,000	2,352,000
Total receipts ...	24,661,000	21,495,000	22,460,000

(3) *General Expenditure.*

Loan services—			
Share of service of 1904 and 1910 Loans ...	500,000	500,000	500,000
Tangier–Fez Railway ...	1,750,000	750,000	1,450,000
Port loans	3,500,000	3,800,000	3,800,000
Caisse de prévoyance ...	191,000	182,000	188,000
Committee of Control ...	25,000	15,000	15,000
Department of Justice and Prisons	274,667	242,950	244,200
Mixed Court	1,066,596	1,064,279	1,015,625
Assembly	198,693	196,042	189,000
General Administration ...	827,332	840,366	770,750
Native Administration ...	200,000	125,000	140,000
Gendarmerie	1,500,000	1,500,000	1,000,000
Department of Finance ...	1,876,665	1,727,096	1,755,425
Customs	2,683,635	2,634,795	2,208,926
State Public Works ...	1,214,937	1,141,937	1,104,650
Miscellaneous	637,000	537,000	843,086
	16,445,525	14,256,465	15,224,662

(4) *Municipal Expenditure.*

	1931.	1932. As presented.	1932. As passed.
Department of Health and Public Relief ...	1,316,622	1,230,128	1,222,125
Municipal Public Works ...	4,259,405	3,827,305	3,899,679
Municipal Police ...	2,093,700	2,071,114	2,001,025
Contingencies	100,000	100,000	100,000
	7,769,727	7,228,547	7,222,829
Total expenditure ...	24,215,252	22,485,012	22,447,491

[W 4078/13/28] No. 8.

Mr. Gurney to Sir John Simon.—(Received April 12.)

(No. 50.)

Tangier, March 31, 1932.

Sir,

IN my despatch No. 18 of the 4th February last I had the honour to furnish information in regard to the budget as finally voted by the Assembly and approved by the Committee of Control. I anticipated at the time that the revenues of the zone would suffice to meet the expenditure provided for in the budget. I regret to say that since that date there has been a serious decline in the traffic of the port as well as in the value of goods imported, with the result

that there has been a heavy falling off in the customs and other receipts, even when compared with the poor receipts of last year.

2. On the basis of the actual receipts of the first two months of the year and the estimated receipts for March, it was apparent some time ago that there must be a deficit of at least 3 million francs at the end of the year, whilst, taking into account that this is generally the best quarter of the year, and that the peseta as well as the value of goods continues to fall, this amount will almost certainly be largely exceeded, and the deficit may reach a total of 4 million francs.

3. It is also still uncertain whether any arrangement can be reached with the Spanish Government in regard to the *taxe spéciale*, whilst negotiations in regard to the reduction of the gendarmerie have not yet been completed. In these circumstances, it is possible that the deficit may amount to as much as 5 million francs.

4. There is, however, a sum little short of this available in the Fonds de Réserve, if one includes the statutory million and 1,200,000 fr. already placed at the disposal of the Administration to cover any temporary deficit for the first quarter of the year, together with a sum of 900,000 fr. which had been hitherto set aside to cover the obligations of the zone as regards the Tangier–Fez Railway for the last two years, but which, according to the estimates submitted by the company, will not now be required for this purpose. The zone can thus be regarded as perfectly solvent, but it is obviously essential that this money should be preserved intact and not frittered away on unnecessary expenditure.

5. When, therefore, I learnt last month that Bills were about to be presented to the Assembly providing for the expenditure of some million and three-quarters francs on public works, I considered that it was necessary to take every possible step to prevent the realisation of this proposal. I accordingly approached the British delegates in the matter with a view to their voting against the main measure covering the expenditure of about a million and a half francs, and I suggested to my colleagues the desirability of taking similar action as regards their delegates. I regret to say that, although I received promises of support from my French and Spanish colleagues, they appear to have taken no effective action in the matter, and the proposal was eventually approved by the Assembly by a majority vote, being opposed only by the British and Italian delegations. This action was taken in spite of a statement made by Mr. Dicken, at my instigation, setting forth the financial position of the zone and deprecating any expenditure of such a nature. It must be admitted, however, that Mr. Dicken's position was considerably weakened by the fact that, although the Administrator permitted Mr. Dicken to make this statement, he said nothing at all in his support. He had, indeed, committed himself previously towards the public works commission in support of the proposed expenditure.

6. After this vote of the Assembly I again canvassed my colleagues with a view to securing their support in proposing to the Committee of Control that they should veto the measure. I found that, whilst I could rely fairly confidently on the support of my Belgian, Dutch and Italian colleagues, my Portuguese colleague was a doubtful factor, and I knew that my Spanish colleague would vote in favour of the measure. My French colleague also showed a definite inclination to allow it to be enacted, and it was for this reason that I addressed my private telegram of the 22nd instant to Mr. Howard Smith, enquiring whether some action could be taken in Paris in the hope that M. de Witasse might receive instructions to support me in this matter. I was glad to learn from M. de Witasse a few days ago that he had received a telegram from his Government calling for a full report on the position, and stating that instructions would be sent to him as to the attitude which he was to adopt at the meeting of the Committee of Control. I felt, therefore, fairly confident that, even if the instructions did not reach him in time, he was not likely to oppose me, and that I could probably secure a majority in the Committee of Control.

7. The meeting took place yesterday, and I am happy to say that my confidence was not misplaced. After I had read out the statement, of which I enclose a copy herein, my Belgian colleague, who is the president of the Committee of Control this year, spoke strongly in support of my proposal to veto the measure and asked the other members for their views.

8. The Dutch consul-general also entirely endorsed my recommendation. The French member, M. de Witasse, stated that he was awaiting instructions from his Government, and that, whilst he was not opposed to my proposal, he

was not in a position to support it, and would therefore have to abstain from voting. In making this statement, he alluded to the action of "one of his colleagues" in asking his Government to send him instructions on the subject.

9. The Spanish consul-general definitely opposed my motion on grounds which were not quite clear, but which seemed to be based on the fact that no effort had been made by the Administration to cut down expenditure on officials and their salaries.

10. The Italian Chargé d'Affaires stated that he fully supported my proposal.

11. The Portuguese consul-general said that he deprecated my motion on similar grounds to those put forward by the Spanish representative. He at the same time let me understand that he would not have left me in the lurch if there had been any fear that I would not secure a majority without his support.

12. My Belgian colleague then read out a draft note prepared with a view to informing the Administrator of the decision of the Committee of Control to veto the measure and explaining our reasons for doing so. I had myself prepared the original draft of this letter, and, after Prince Croy had made some amendments to it, we had agreed that it should be submitted to the Committee of Control as if emanating from himself. In drafting it I had aimed at softening the blow to the Assembly and leading them to realise that our attitude was not wholly unsympathetic. It was accepted by all my colleagues except the French and Spanish representatives, but including the Portuguese representative, after we had agreed to insert a sentence to the effect that the Committee of Control hoped that measures of economy would be adopted, as suggested by the Committee of Control. Without indicating these measures more precisely, it will, I think, be recognised by the Assembly that they apply to the cuts in staff and salaries alluded to above.

13. This decision by the Committee of Control is, I think, of considerable importance, as it definitely lays down the principle that the Committee of Control have a responsibility towards their Governments as well as towards the International Administration as regards the finances of the zone, and that it is incumbent upon them to see that the zone is at any time in a position to meet its liabilities. It is also recognised that they have the right as well as the duty to earmark any sums available for this purpose, as well, I think, as to insist on the zone imposing new taxation if existing resources are insufficient. I trust that their action will not be misconstrued by the Assembly and the public, and that it will not raise the storm of opposition which is anticipated by some of my colleagues. I am glad to say that the "Dépêche marocaine," as well as the "Tangier Gazette," have already expressed the view that in the present state of the finances of the zone expenditure on new public works would not be justified.

14. As regards the future, we are still without definite information from the Spanish Government as to their attitude on any of the questions at issue. Even as regards the reduction of the gendarmerie, whilst my Spanish colleague was able to inform us yesterday that his Government agreed to the proposal, he stated at the same time that they were only prepared to assume liability for the charges in connexion with the reduced force *up to* the sum of 500,000 fr. a year. The French Government, as I have already reported, have expressed their willingness to continue the payment of a lump sum of 500,000 fr. a year, and, as I pointed out in the Committee of Control, unless we were assured that the zone would benefit materially from a financial point of view from the reduction, it would be of no interest to us. I therefore begged my Spanish colleague to explain to us in writing the precise attitude of his Government, so that in examining the proposal for the reduction of the force which will now be laid before the Committee of Control we should be in a position to appreciate precisely the position as regards the financial benefits accruing to the zone from such reduction.

15. In spite of repeated representations, it has also not been found possible to induce the Spanish authorities even to agree to an inter-zonal meeting at which questions of mutual interest, such as the equalisation of consumption duties and the 2½ per cent. *taxe spéciale*, can be discussed. They seem to be entirely opposed to a meeting between the three zones for the discussion of the question of the Tangier–Fez Railway, and there seems to be no hope of inducing them to come to such a meeting.

16. Meanwhile my French colleague informs me that he has represented to his Government the necessity of placing the finances of the Tangier Zone on a

sound footing for the future, and has suggested to them that, rather than wait any longer for a reply from the Spanish Government, the French Government should themselves and alone assume responsibility for the share of the Tangier Zone in the service of the loans in connexion with the Tangier–Fez Railway over and above a sum of 750,000 fr. a year, leaving it open to the Spanish Zone at a later date to take over a proportional share of the liability. He is also proposing that the French Government shall persuade the French Zone to take over a proportion of the service of the port loans, in view of the fact that the port is destined to serve the interests of the other two zones, and that it is anomalous that the whole of its cost should be borne by Tangier. He is at present engaged in trying to find some basis on which such share could be assessed. He has suggested to me that it would not be unreasonable to arrange that, if and when the finances of the port or the zone permit, the latter should ultimately resume liability for the whole of the amount. I am inclined to think that, if a proposal in this sense is laid before us, it might be accepted, providing that it does not increase the direct hold of the French over the port or the Tangier Zone.

17. At the same time, the Finance Commission of the Assembly is taking up the question of the possibility of increasing the resources of the zone by new taxation. I fear, however, from what Mr. Dicken tells me, that they are making little progress, and that it may be necessary for the Committee of Control to consult with the Administration on the subject and to see what they can do to assist them in finding new sources of revenue to meet future requirements and in deciding what expenditure can be cut down with the view to preparing the budget of 1933.

18. I have already urged my colleagues to attempt to exercise a guiding influence over their delegates in the Assembly in the matter and to endeavour to induce them to take a less narrow-minded view of the situation.

I have, &c.
HUGH GURNEY.

Enclosure 1 in No. 8.

Statement read out at Committee of Control Meeting on March 30, 1932.

EN examinant le projet de loi portant prélèvement sur le Fonds de Réserve de différentes sommes destinées à l'exécution des travaux publics approuvés par l'Assemblée législative dans sa séance du 3 mars, il importe de prendre tout d'abord en considération la situation actuelle des finances de la zone afin de s'assurer si elle justifie une telle dépense.

Des indications à ce sujet ont été fournies par l'Administration tant à l'Assemblée qu'au Comité de Contrôle. D'après ces indications, il apparaît que les recettes douanières des trois premiers mois de l'année accusent une telle diminution en comparaison avec les prévisions budgétaires qu'il faut compter sur cette base sur un déficit de recettes à la fin de l'année de l'ordre de 3 millions de francs. Etant donné, toutefois, que les recettes des mois de janvier, février et mars sont généralement les plus fortes de l'année, ce déficit sera probablement encore plus considérable. Il pourra également être augmenté par une nouvelle baisse de la peseta ou par une diminution plus prononcée du trafic du port.

Il faut aussi tenir compte du fait que la taxe urbaine donnera certainement un rendement moins important que celui qu'on avait prévu et que les recettes du Monopole du Tabac sont tout à fait incertaines.

Si donc il faut prévoir un déficit certain de 3 millions de francs il faut s'attendre à ce que ce chiffre sera presque sûrement dépassé et qu'il pourra facilement atteindre 4 millions ou davantage.

En faisant ce calcul, il faut se rappeler qu'il n'y a aucune indication d'une reprise des affaires, et que la peseta continue à marquer une baisse, tandis que la valeur mondiale des marchandises tend également à diminuer.

D'un autre côté, nous n'avons jusqu'à présent aucune information précise sur l'attitude définitive de la Zone espagnole en ce qui concerne le produit de la taxe spéciale, qui représente un chiffre d'environ 200,000 fr., et, tant que la question de la réduction de la gendarmerie n'est pas tranchée, il faut prévoir la possibilité que la zone sera appelée à contribuer pour son maintien toute la somme de 1,500,000 prévue par le statut, ce qui ajouterait 500,000 fr. au déficit de l'année.

Le déficit pourrait ainsi atteindre un chiffre de 4,500,000 fr. à 5,000,000 de francs.

Pour y faire face la zone tient en caisse les sommes suivantes :

	Fr.
Avance déjà votée pour déficit de caisse 1932	1,200,000
Somme restant libre au Fonds de Réserve	1,091,000
Reversé au Fonds de Réserve (crédits restés sans emploi) ...	397,000
Reversé au Fonds de Réserve (restant du prélèvement pour 1931)	170,000
Reversé au Fonds de Réserve (des restes à payer du Tanger–Fez)	900,000
Réserve statutaire	1,000,000
Total	4,758,000

Cette somme, qui comprend la Réserve statutaire, suffira à combler le déficit probable, mais elle n'est aucunement excessive, et il est évident qu'il serait de la dernière imprudence d'y toucher sauf pour des dépenses dont le caractère est absolument indispensable.

Comme M. Dicken fait observer, le budget de 1932 a été basé sur la supposition que la zone obtiendrait satisfaction de ses demandes en ce qui concerne le Tanger–Fez aussi bien qu'en ce qui concerne la gendarmerie. Jusqu'à présent, il n'y a aucune indication que les Gouvernements français et espagnol, dont la décision dépend, sont prêts à consentir une réduction à 750,000 fr. de la part de Tanger dans le service du Tanger–Fez. On ne peut donc certainement pas toucher actuellement aux sommes mises de côté dans le but de remplir les engagements statutaires de la zone à ce titre, et, même si satisfaction est finalement accordée, il serait prudent de garder ces sommes en caisse pour parer à toute éventualité—pour les besoins de 1933 par exemple.

Le programme de travaux neufs compris dans le projet de loi en question représente une dépense de 1,520,000 fr., tandis que le total des dépenses prévues par les autres projets de loi adoptés par l'Assemblée à sa dernière séance est de 150,000 fr. (50,000 fr. pour la course d'automobile, 70,000 fr. pour le boulevard de 20 mètres, et 30,000 fr. pour la rue de Sidi-Amar), et il me semble que le comité manquerait à ses devoirs, qui lui sont imposés par le statut, s'il autorisait cette dépense dans la situation exposée ci-dessus. Ces devoirs comprennent celui, spécifié à l'article 53 du Dahir organique, de " s'assurer que le produit des douanes et des taxes de consommation suffit pour assurer les dépenses obligatoires," et que " les autres services essentiels de la zone reçoivent des dotations suffisantes." Il a aussi le devoir, " Dans le cas contraire, d'affecter tous autres produits qu'il juge utiles à l'acquittement desdites dépenses."

Il est malheureusement certain que les recettes budgétaires de cette année ne suffiront pas à couvrir les dépenses susindiquées. Il est donc du devoir du Comité de Contrôle de s'assurer qu'il y a des fonds disponibles pour y faire face. Il doit donc faire garder soigneusement en caisse la totalité, ou au moins la presque totalité, du Fonds de Réserve, qui, comme il vient d'être indiqué, suffira à peine à couvrir le déficit possible de l'année.

J'aurais voulu proposer la suspension du programme, mais, comme nous n'avons que le droit de veto, je propose que nous l'exerçons, tout en indiquant à l'Administration et par son intermédiaire à l'Assemblée que nous espérons que la réalisation du programme de travaux publics n'est que différée et que nous serons sous peu à même d'en autoriser l'exécution, au moins en partie.

Si on nous objecte qu'il est indispensable de ne pas priver la zone de tout programme de travaux publics, il est à observer, comme M. Dicken l'a fait remarquer à l'Assemblée, qu'il a été reporté de l'année dernière la somme de 750,000 fr. pour être dépensée cette année pour travaux publics, et qu'il faut y ajouter les sommes que l'Assemblée vient de voter pour différents travaux auxquels je ne pense pas qu'il y a lieu de s'opposer (c'est-à-dire pour l'achèvement du premier tronçon du boulevard de 20 mètres et de la rue de Sidi-Amar). Il y a aussi le million revenant à la zone comme suite à l'accord entre la Société des Eaux et la Société d'Electricité qui doit être prochainement employé pour la réalisation du projet concernant le captage des eaux, ainsi que les sommes considérables qui seront dépensées pour l'extension de l'Usine de Maghogha. Il faut

aussi ne pas perdre de vue les travaux du port qui représentent des sommes très importantes, fournies par la zone, et qui non seulement fournissent du travail à la main-d'œuvre locale, mais qui contribueront matériellement au développement de la ville.

Enclosure 2 in No. 8.

Draft Letter from Committee of Control to Administrator—approved by Committee of Control, March 30.

M. l'Administrateur, *Le mars* 1932.

EN me référant à ma lettre en date d'aujourd'hui, j'ai l'honneur de vous faire savoir que le Comité de Contrôle s'est vu forcé, à son grand regret, d'opposer son veto au projet de loi portant prélèvement sur le Fonds de Réserve de différentes sommes destinées à l'exécution des travaux publics approuvés par l'Assemblée législative dans sa séance du 3 mars 1932, étant d'avis que l'état actuel des finances de la zone ne justifie pas des dépenses aussi considérables.

Le comité a constaté en effet, d'après les indications fournies par le Directeur des Finances tant à l'Assemblée qu'au Comité de Contrôle, par votre aimable entremise, que les recettes douanières et autres pendant les trois premiers mois de l'année laissent prévoir pour la fin de l'exercice un déficit de revenu d'au moins 3 millions de francs, s'il ne se produit pas entre-temps une amélioration dans la situation. Ce déficit pourrait même atteindre ou dépasser le chiffre de 4 millions, si l'on considère que le rendement de ce premier trimestre est généralement le plus élevé de l'année et que la peseta ainsi que la valeur mondiale des marchandises montrent une tendance constante à la baisse.

D'autre part, lorsque le Comité de Contrôle a approuvé le budget, on a prévu une diminution de dépenses en ce qui concerne la taxe spéciale perçue à Tanger sur les marchandises expédiées à la Zone espagnole, ainsi qu'en ce qui concerne la gendarmerie. La solution de ces deux questions est toujours pendante. Tant qu'elles n'auront pas été définitivement réglées, il faudra envisager la possibilité pour la zone d'être contrainte de verser à la Zone espagnole les sommes actuellement retenues au titre de la taxe spéciale et de payer la totalité de la somme de un million et demi inscrite au statut pour les frais de la gendarmerie. Ces deux charges éventuelles pourraient porter le total du déficit à près de 5 millions de francs.

Quant aux disponibilités, le Comité de Contrôle constate que les crédits actuellement portés au Fonds de Réserve se chiffrent par une somme d'environ 3,500,000 fr., si on y comprend les 900,000 fr. que l'Assemblée désire prélever sur les sommes mises de côté pour le Tanger–Fez, ainsi que le million statutaire. Si on y ajoute les 1 million de francs déjà votés par l'Assemblée en vue de couvrir le déficit de caisse, il y a lieu d'espérer que ces disponibilités permettront à la zone de faire face cette année à toutes ses obligations sans créer de nouvelles sources de revenu. Toutefois, tant que l'avenir reste aussi incertain, il serait de la dernière imprudence de puiser trop largement dans ce fonds.

Le Comité de Contrôle, étant appelé par l'article 53 du Dahir organique, à s'assurer que les ressources dont dispose l'Administration sont suffisantes pour couvrir les dépenses obligatoires et assurer le maintien des services essentiels de la zone, se voit contraint à la lumière de ces considérations d'opposer son veto au projet de loi en question.

Ayant à cœur le développement de la vie économique de la ville, c'est avec le plus grand regret qu'il croit devoir adopter une mesure entraînant l'ajournement de l'exécution d'un programme de travaux publics dont il ne cherche nullement à contester l'utilité. Il se plaît au contraire à espérer que des circonstances plus favorables permettront sous peu sa complète réalisation. Le comité sera le premier à s'en réjouir. Il sera, d'ailleurs, heureux d'examiner toutes propositions que l'Assemblée législative voudra lui soumettre pour l'exécution des travaux de première urgence. Ces travaux pourraient être entrepris au fur et à mesure que les disponibilités le permettraient, et celles-ci pourraient être obtenues par l'exécution des mesures d'économie déjà préconisées par le Comité de Contrôle.

En attendant, le comité tient à rappeler, comme l'a fait M. Dicken devant l'Assemblée, que cette suspension n'implique pas la cessation de tous travaux publics. Outre les prévisions pour travaux portées au budget de 1932, il reste en

effet, des exercices précédents, une somme appréciable à dépenser cette année. A celle-ci viendront s'ajouter les sommes votées par l'Assemblée à une dernière séance pour certains travaux que le Comité de Contrôle a cru pouvoir approuver. Il y a également les travaux de captage des eaux pour lesquels la somme de un million est disponible, ainsi que les travaux pour l'extension de l'Usine électrique de Maghogha, auxquels la zone est intéressée et qui fourniront du travail à la main-d'œuvre locale. Il ne faut pas oublier, non plus, les travaux du port qui se poursuivent à l'aide de fonds fournis par la zone et qui sont destinés, en temps assez rapproché, à améliorer la vie économique de Tanger.

En ce qui concerne la situation financière envisagée dans son ensemble, je crois devoir ajouter que le Comité de Contrôle, lorsqu'il a approuvé les propositions de l'Administration pour le budget de 1932, avait compté sur une diminution des charges imposées à la zone relativement au chemin de fer de Tanger à Fez ainsi que de celles lui incombant pour la gendarmerie. Il croyait également pouvoir accepter les prévisions faites par l'Administration sur les bases des recettes de l'année précédente. Il regrette, toutefois, de constater qu'il a été trop optimiste. Comme on le sait, les négociations sur les deux points dont il est question plus haut ont été plus longues et plus difficiles qu'on ne l'avait pensé, et leur solution reste en suspens, tandis que les recettes ont marqué une baisse tout à fait imprévue par suite de circonstances qui échappent à tout contrôle. Si les prévisions avaient été réalisées, non seulement aurait-il été possible d'équilibrer le budget, mais il y aurait eu des fonds disponibles pour la réalisation d'un programme important de travaux nouveaux.

[W 5213/13/28] No. 9.

Mr. Gurney to Sir John Simon.—(Received May 7.)

(No. 73.)

Sir, *Tangier, May 2, 1932*

IN my despatch No. 55 of the 5th April I had the honour to report the rejection by the Committee of Control of the request submitted to them by the Assembly that the latter should be authorised to prepare a scheme for the institution of controlled gambling at Tangier.

2. This decision, for which, as you are aware, the Spanish Government were solely responsible since all the other representatives were prepared to accept the proposal, has created a great deal of dissatisfaction amongst all sections of the population at Tangier.

3. As a result of this and of the general feeling of uneasiness as to the economic situation, a meeting was held on the 20th ultimo consisting of representatives of the various Chambers of Commerce and the Committee for the Defence of the Economic Interests of Tangier, when it was decided to present to the Committee of Control a series of demands and to hand copies of these demands to the Administrator and the Mendoub. In order to show that they had the support of the whole of the population of Tangier it was decided that all the shops should be asked to close for one hour at the time when the presentation was made to the president of the Committee of Control. It was also announced that the delegates of the various Chambers of Commerce and the Committee for the Defence of the Economic Interests of Tangier would meet again on the 11th May when, if no satisfaction had been received to their demands, decisions as to further action would be taken. Such measures might, it was suggested, comprise the resignation of the Chambers of Commerce, the closing of shops for one day, the abstention of the assessors from service in the Mixed Court, delay in the payment of taxes and the payment of customs duties in kind. The presentation took place on the 25th April. Practically all the shops were closed as arranged, while even the native hucksters, who spread their wares on the ground in the open market, covered their small stocks over with cloths for the time stipulated, and a large crowd, composed mainly of natives, assembled in front of the Mendoubia. The demonstration was, however, of a very orderly nature and no disturbance of the peace took place.

4. I enclose a copy of the paper containing the demands. They are seven in number :—

(1) Execution of the programme of public works voted by the Legislative Assembly.
(2) Creation of a Free Zone.
(3) Authorisation of controlled gambling.
(4) Construction of railway stations.
(5) Equalisation of customs duties, consumption duties, gate tax and railway tariffs.
(6) Admission (on the part of the protecting Powers) of the port of Tangier to the advantages accorded to the other Shereefian ports.
(7) Reduction of the charges imposed on the zone out of proportion to its capacity for payment.

5. These demands were examined by the Committee of Control in sittings which took place on the 28th and 30th ultimo, when the text of the reply to be returned was also drawn up. I enclose herein a copy of our letter.

6. The first of the demands refers to the programme of public works the rejection of which by the Committee of Control was reported in my despatch No. 50 of the 31st March. It will be recollected that the execution of these works, none of which could be regarded as of immediate urgency, would have involved an expenditure of some 1,500,000 fr. and that the proposal was rejected in view of the fact that the whole of the Reserve Fund from which the amount was to be taken may be required to meet the liabilities of the zone for the current year. Unless, and until, therefore, funds can be provided from other sources, it is clearly not possible for the Committee of Control to depart from its previous attitude, and it was decided to reply to the delegation in this sense.

7. The creation of a Free Zone has been under discussion for some time past and I have had some correspondence with the Department of Overseas Trade on the subject. There are many who desire to see the whole of Tangier declared a free port area. Such a proposal is of course not feasible, but there appear to be considerable possibilities in the creation of an area on similar lines to the free port of Copenhagen, where goods can be landed and undergo treatment without having to pay import duties. If such an arrangement could be realised, it might lead to the creation of new industries here and the development of Tangier as an important port of distribution. A Bill was submitted to the Assembly last year for the authorisation of what is known as "entrepôts réels." It was, however, held at that time that, under the terms of article 14 of the Organic Dahir, the assent of the other two zones must be obtained before the proposal could be proceeded with. The French and Spanish authorities were accordingly approached in the matter, but it has not been possible to obtain satisfactory replies.

8. This decision, in which the Committee of Control concurred, was taken during my absence on leave last summer. When the Committee of Control came to examine the demand now put forward by the Chambers, I referred to this decision and informed my colleagues that the action which they had taken last year appeared to me to be based on an erroneous interpretation of the article in question. I pointed out that this article applies merely to questions "regarding the coasting trade and all other matters connected with customs questions and of interest to Moroccan ports as a whole." The creation at Tangier either of "entrepôts réels" or of a Free Zone could not be considered to concern other Moroccan ports and I therefore held that Tangier was free to take such action in this matter as it thought fit. My colleagues concurred in my view, and it was decided to address a letter to the Administrator informing him that we did not think it necessary to consult the other zones beforehand in regard to the question of the creation of a Free Zone. We, at the same time, requested him to prepare a proposal for the creation of such a zone for submission to the Assembly at an early date, and we are so informing the delegates of the Chambers of Commerce and the Committee of Economic Defence.

9. The possibilities of the realisation of the proposal depend, however, on many factors, including the provision of capital, and I doubt whether its realisation is practicable in the immediate future. It is, nevertheless, I think, worth while making an attempt in this direction. It is, in any case, desirable

that the Assembly should examine the matter and realise for themselves the difficulties inherent in it.

10. As regards gambling, my Spanish colleague has already undertaken to enquire whether his Government can see their way to withdrawing their veto of the proposal and we are replying to the effect that the Committee of Control is doing its best to reach the unanimity required by article 52 of the statute.

11. Proposals for the construction of two railway stations at Tangier for the Tangier–Fez Railway have long been under discussion. The proposals provide for a central station and a harbour station, but their realisation depends on the concurrence of the French and Spanish Governments since the cost of construction is to be mainly borne by the French and Spanish sections of the railway. So far as the Spanish Government are concerned such concurrence has already been obtained as regards the port station, but they have hitherto withheld their approval of the proposal in regard to the central station. The people of Tangier are very anxious that at any rate the site for the latter station shall be decided upon without further delay in order to facilitate the execution of a building programme in the neighbourhood, and they are apprehensive lest, if they now accept the proposal in regard to the port station, a decision in regard to the main station will be indefinitely postponed. They are therefore averse to any decision which does not make provision for the two stations. The necessary representations have been made in Madrid and we can only reply to the delegates to this effect.

12. Customs duties are, as you are aware, already, in theory, collected on the same basis throughout the three zones. In practice, however, it is believed that goods imported through ports in the Spanish Zone are either too lightly assessed or escape payment of duty altogether by means of various forms of fraud. The Committee of Control has no definite information on this point and we decided to ask the Administrator to enquire into the matter and let us know whether there was any foundation for such an assertion.

13. The question of the equalisation of consumption duties in Tangier and the other zones is a very difficult one. At present the consumption duties are higher on some articles in the Tangier Zone than in the Spanish Zone, with the result that importers are inclined to use the ports of the Spanish Zone in preference to Tangier. It is very difficult to arrive at equalisation, not only in view of the loss of revenue which would be involved if the Tangier rates were lowered, but also on account of variation in the exchange value of the peseta.

14. As regards the gate tax, what is desired is that an arrangement should be concluded under which goods imported into Morocco should not be subject to the payment of gate tax more than once, whatever may be their ultimate destination. As this is a municipal tax, however, it is very difficult to reach an arrangement on the subject as each town is loth to give up its claims to revenue collected under the tax. A further effort ought no doubt to be made to arrive at such an arrangement and the Committee of Control has asked the Administrator to pursue the negotiations already undertaken on the subject with the other zones.

15. The question of the equalisation of the tariff charges on the Tangier–Fez Railway is also difficult of solution. Under present arrangements the charges are slightly different in the three zones through which the railway passes, being highest in the Spanish Zone. The Administrator is being asked to continue his negotiations for an equalisation of the charges, but it is not so much this that the Tangier merchants really have at heart as an arrangement under which the charges for the conveyance of goods from Tangier to towns in the French Zone carried by the Tangier–Fez Railway should not exceed charges on similar goods conveyed to the same towns from ports in the French Zone. This, however, is still more difficult of realisation, as the railways are under different management, and the actual distance between, for instance, Kenitra and Fez is less than that from Tangier to Fez.

16. As regards the sixth point, as you are aware, the French Government permit the importation into France under special terms of a certain quantity of cereals from the French Zone, provided that they are shipped from ports in that zone. Efforts have for a long time past been made to induce the French Government to allow cereals originating in the French Zone, but shipped from Tangier, to receive the same treatment as those shipped from ports in the French Zone. My French colleague, who has already made representations on the subject to his Government, has pointed out to us, however, that the French Government

cannot give satisfaction on this point unless some adequate system of control can be established so as to ensure that goods so shipped shall really be of French-Moroccan origin. The Committee of Control are replying in this sense to the delegates.

17. As regards statutory charges, the Committee of Control can merely reply that they have referred the matter to the Governments concerned. As you are aware, it has long been hoped that the French and Spanish Governments would agree to the reduction of the charges imposed on Tangier in connexion with the Tangier–Fez Railway as well as the gendarmerie. There is also the possibility that the French Government, at any rate, may be disposed to relieve Tangier temporarily of some proportion of the service of the port loans, recognising that the other zones have an interest in the completion of the port works.

18. Feeling, as I do, that there is a good deal of justification for the impatience shown by the people of Tangier at the delay that has been experienced in dealing with these questions, I have held that it is not sufficient for the Committee of Control merely to give a written reply to these representations, but that it is incumbent upon us to take some definite action. I have therefore suggested that a further effort should be made to obtain a solution of at any rate some of these matters by means of personal representations to the authorities of the French Zone, and particularly of the Spanish Zone, and I asked that Prince Reginald de Croy, the Belgian consul-general, should, as president of the Committee of Control, proceed in person to Tetuan and Rabat, with a view to examining the various questions on the spot. My colleagues welcomed this proposal, and it was decided that Prince Croy should proceed to those places accompanied in the case of Tetuan by the Spanish consul-general, and in the case of Rabat by the French consul-general. I do not know whether such action will have any definite effect. It will, however, serve to show that the Committee of Control are taking an active interest in the questions submitted to them.

19. As you are aware, the difficulties encountered in dealing with the various proposals which have already been discussed for the alleviation of the charges imposed on Tangier have mainly come from the side of the Spanish Government. His Majesty's Government have made representations there in the past, but it might assist matters if those representations could be renewed, and if the Spanish Government could be asked to arrive at a decision in regard at any rate to the questions of the Tangier–Fez Railway and the reduction of the gendarmerie.

20. As regards the reduction of the gendarmerie, I reported the latest developments in my despatch No. 54 of the 5th April. We are still waiting to hear whether the Spanish Government will be satisfied with the declaration made by the Administrator as regards the adequacy of the reduced force to fulfil its statutory duties.

21. As regards the general question of the financial position of Tangier, I see that it is stated in a telegram published in the "Times" of the 27th April that "the funds available only suffice for the payment of the local officials for a very few months, when all resources will be exhausted." As you are aware, there is sufficient money in the Reserve Fund to meet any probable deficit for the current year, provided there is no further falling off in receipts. If nothing, however, is done and the situation does not improve, this fund will be exhausted at the end of this year, and Tangier will have nothing to fall back upon for next year. It is to my mind, therefore, essential that steps should be taken without any further delay to place the finances of the zone on a sounder footing. I insisted for this reason at our last meeting that the Administrator should lay the situation in detail before the Committee of Control at our next meeting, showing precisely the charges which must be met not only for the remainder of 1932, but also in 1933, what economies, if any, can be effected, what receipts can be expected, and what new sources of revenue can be created, apart from the assistance asked for from outside. I stated on this occasion that I could not approach His Majesty's Government with a view to asking for assistance unless I could show that every possible effort had been made to reduce expenditure and increase receipts. I felt, too, that it was not sufficient to wait until the available funds were exhausted to adopt the measures called for by the situation, and that, following the example set by Great Britain and some other countries, steps should be taken to remedy

the situation resulting from the world crisis, even in the middle of the financial year.

22. I regret to say that the Administrator showed little disposition to realise the need for action, but I trust that, with the assistance of my colleagues, I shall be successful in overcoming his apparent reluctance to face the situation. I will address to you a further despatch on the subject after our next meeting, which is to take place on the 3rd instant.

I have, &c.
HUGH GURNEY.

Enclosure 1 in No. 9.

Assemblée générale des Délégations des Chambres de Commerce et du Comité de Défense des Intérêts économiques.

Séance du 20 avril 1932.

LES délégués des Chambres de Commerce anglaise, espagnole, française et internationale de Tanger et du Comité de Défense des Intérêts économiques, auxquels s'étaient joints plusieurs membres de l'Assemblée législative, réunis en Assemblée plénière le 20 avril courant,

Après avoir pris connaissance des travaux de la commission nommée pour établir un programme de revendications tangéroises, et d'étudier les moyens à adopter si elles n'étaient pas prises en considération,

Décide :

D'attirer respectueusement mais fermement, une dernière fois, l'attention du Comité de Contrôle sur les réalisations importantes appelées à rétablir, au moins en partie, la situation économique de la zone, et qui peuvent être facilement solutionnées, certaines par un simple accord entre l'Espagne et la France, d'autres par une entente des Gouvernements ayant adhéré au statut, et même par celle de leurs représentants à Tanger.

L'Assemblée se limite, donc, à réclamer une prompte solution des questions suivantes :

1. Exécution du programme des travaux publics voté par l'Assemblée législative.
2. Création d'une Zone franche.
3. Autorisation des jeux réglementés.
4. Construction des gares.
5. Péréquation des taxes douanières, droits de consommation et de portes et des tarifs ferroviaires.
6. Admission, de la part des Puissances protectrices, du port de Tanger aux mêmes avantages que ceux dont bénéficient les autres ports chérifiens.
7. Diminution des charges de la zone disproportionnées à la capacité de paiement de l'Économie locale.

L'Assemblée décide que ce mémorandum sera remis :

1. À. M. le Président du Comité de Contrôle, en le priant de bien vouloir en saisir tous les membres du comité;
2. À. son Excellence le Mendoub, en le priant de vouloir bien le transmettre à Sa Majesté le Sultan;
3. En communication, à M. l'Administrateur de la Zone et à MM. les membres de l'Assemblée législative.

Les délégués des Chambres de Commerce, du Comité de Défense et les membres de l'Assemblée législative présents insistent pour que les points soumis fassent l'objet d'une discussion immédiate du comité de manière à ce que satisfaction soit donnée au plus tôt à la population.

Ils mettent en garde les pouvoirs publics sur les conséquences fâcheuses qui ne manqueraient pas de se produire, au cas où, comme jusqu'à présent, les questions vitales pour la collectivité tangéroise continueraient d'être délaissées, pour des raisons étrangères aux intérêts propres de Tanger.

Délégués :

Chambre de Commerce internationale :
MM. STEVENS, E. AZAGURY.

Chambre de Commerce espagnole :
MM. J. SABAH, A. FUENTES.

Chambre de Commerce anglaise :
MM. HARRIS, LAWFORD.

Chambre de Commerce française :
MM. RAULIN, DE LA GRANGE.

Comité de Défense des Intérêts économiques :
MM. FISCHER, F. REY.

Enclosure 2 in No. 9.

President of the Committee of Control to the Delegates of the Chambers of Commerce and of the Committee for the Defence of the Economic Interests of Tangier.

MM. les Délégués, *Le 30 avril* 1932.

JE n'avais pas manqué de communiquer aux membres du Comité de Contrôle le texte des vœux que vous avez bien voulu me remettre, le 25 de ce mois, au nom des Chambres de Commerce britannique, espagnole, française et internationale de Tanger, ainsi que du Comité de Défense des Intérêts économiques de cette zone.

Le comité, qui a examiné avec le plus grand soin les différentes questions énumérées dans ce document, est dispos à favoriser leur solution dans toute la mesure des moyens en son pouvoir :

1. *Travaux publics.*—La réalisation du programme voté par l'Assemblée dépend essentiellement des disponibilités financières. L'Administration prévoyant dès à présent un déficit budgétaire important, il est du devoir du Comité de Contrôle de garder en réserve les sommes indispensables au service des dépenses obligatoires et du budget en cours. Dans ces conditions et en attendant des ressources nouvelles, il lui a paru que l'exécution du programme dont il s'agit devait être différée.

2. *Création d'une Zone franche.*—Le comité a engagé M. l'Administrateur de la Zone à soumettre le plus tôt possible à l'Assemblée un projet de création de Zone franche.

3. *Jeux réglementés.*—Le comité s'efforce de réunir l'unanimité prévue par l'article 52 du statut.

4. *Construction des gares.*—Des démarches sont effectuées à Madrid en vue d'obtenir l'accord nécessaire pour la construction de la gare centrale et de compléter ainsi l'accord déjà réalisé pour la construction de la gare maritime.

5. *Péréquation des taxes douanières, droits de consommation et de portes et des tarifs ferroviaires.*—Le comité a attiré l'attention de M. l'Administrateur de la Zone sur ces questions, en l'invitant à faire toutes démarches utiles en vue d'obtenir la solution demandée.

6. *Avantages accordés aux autres ports chérifiens.*—La France, qui semble particulièrement visée par cette revendication, accorde, en vertu d'une disposition législative spéciale, un régime de faveur à des produits marocains contingentés qui lui sont expédiés par les ports de la Zone française exclusivement.

Pour que le port de Tanger bénéficie de la même faveur, il faut donc qu'une loi nouvelle intervienne. Elle n'a de chances d'être votée que si Tanger peut

offrir à l'égard du contingentement les mêmes garanties que les ports de la Zone française.

Le Comité de Contrôle a l'assurance que cette question a été soumise au bienveillant examen du Gouvernement français.

7. *Charges de la Zone.*—Le Comité s'est déjà préoccupé de l'excès des charges qui grèvent à l'heure actuelle le budget de la Zone de Tanger. Il a signalé cette situation aux Gouvernements intéressés en vue d'obtenir les allégements possibles.

D'autre part, en vue de hâter la solution des diverses questions qui ne peuvent être réglées qu'avec l'aide des deux autres zones, le Comité de Contrôle m'a demandé, en ma qualité de président, de me rendre en son nom à Rabat et à Tétouan, où j'exposerai les vœux de Tanger aux autorités françaises et espagnoles.

Veuillez, &c.
Le Consul général de Belgique,
Président du Comité de Contrôle.
PRINCE REGINALD DE CROY.

[W 5607/13/28] No. 10.

Mr. Gurney to Sir John Simon.—(Received May 18.)

(No. 79.)

Sir, *Tangier, May* 6, 1932.

WITH reference to my despatch No. 73 of the 2nd instant, I have the honour to transmit herewith copy of a statement in regard to the financial position of the zone which had been prepared by Mr. Dicken, Director of Finance, at my request and was read out at a meeting of the Committee of Control held on the 3rd instant. It will be seen that it confirms the statements contained in my previous despatches dealing with the financial situation to the effect that the liabilities of the zone for the current year will absorb the whole of the available resources unless the receipts can be increased or the statutory charges are reduced. As regards the year 1933, Mr. Dicken foresees a deficit of some 3,500,000 fr., even allowing for certain economies in the administration and the imposition of fresh taxation.

2. It is particularly noticeable that receipts from customs and consumption duties will barely suffice this year, after payment of the cost of collection, to cover the obligatory charges which are secured on them, and that they will be definitely insufficient to cover these charges next year on the present basis of collection. These statutory charges comprise (1) the share of Tangier in the service of the 1904 and 1910 loans, (2) its share in the guarantee of the railway loans, and (3) the service of the port loans, which will next year be increased by 600,000 fr.

3. The position is thus even worse than that which prevailed at this time last year, and to which attention was called in my despatch No. 80 of the 5th May, 1931. I addressed to you a further despatch (No. 150) on the 4th July on the same subject, in which I had the honour to enclose a copy of a motion adopted by the Committee of Control calling upon the Governments which they represent to consider what measures could be adopted to relieve the situation.

4. Mr. Dicken's statement, enclosed herein, was examined by the Committee of Control to-day, when I reminded my colleagues of the above-mentioned motion and called their attention to the fact that it had met with no practical response from the Governments concerned. On my proposal a further motion, of which I enclose a copy herein, was adopted, and we decided, also on my proposal, to address to the Administrator a letter, a copy of which is enclosed. It will be seen that we have agreed in the new motion once again to submit the position to our Governments, whilst, in the letter to the Administrator, we inform him of our action and ask him to lay before the Assembly measures for the realisation of further economies in the administration and the imposition of fresh taxation. The measures of economy which I have particularly in view include a reduction in the salaries of officials in the form of a suspension of their leave allowance, a measure which Mr. Dicken has at last, though very reluctantly, agreed to accept.

5. As a result of the representations contained in my despatch of the 4th July mentioned above, the position was considered at the Foreign Office in July last, when, after consultation with the Treasury, it was decided in the first place to ascertain the attitude of the French and Spanish Governments towards the proposals which had been laid before them in connexion with the Tangier–Fez Railway, the customs and the *taxe spéciale*. Although, so far as I am aware, no reply has been returned to the repeated enquiries made on the subject at Paris and Madrid, assurances were received by the Committee of Control towards the end of the year that the two Governments concerned were disposed to make concessions in regard to the Tangier–Fez Railway and the gendarmerie which would have resulted in a saving to the zone of some 2 million francs a year. The budget for 1932 submitted by the Administration was accepted on the understanding that there was a good prospect of the realisation of these assurances.

6. As regards the Tangier–Fez Railway, we appear to be still as far as ever from a settlement, although prospects have been held out that the French Government may be disposed, not only to act alone in this matter, but also to relieve Tangier of a portion of the service of the port loans. As regards the gendarmerie, although my Spanish colleague has at last informed me of the consent of his Government to the proposed reduction of the force, as reported in a separate despatch, there has been so much delay that the economy to be realised this year will be a good deal less than had been anticipated. At the same time, the Spanish Government have definitely declined to give any undertaking for next year, when, if they insist upon it, the zone can presumably be called upon to pay the whole of the 1,500,000 fr. provided for in the protocol.

7. There is no prospect at all of any contribution being forthcoming from the Spanish Zone towards the cost of the customs, whilst the question of the allocation of the *taxe spéciale* is still pending.

8. The situation has been saved this year owing to the existence of the reserve fund. Unless, however, some relief is granted, the greater part, if not the whole, of this fund is likely to be required to cover the deficit for the current year and nothing will be left to meet the deficit for 1933. As stated above, this deficit may amount to as much as 3,500,000 fr., even if further economies are effected in administrative expenditure and the Assembly can be induced to accept new taxation. This sum, which makes no provision for any new public works, is in excess of what can be expected from any concessions which the French and Spanish Governments together, or the French Government alone, are likely to make either as regards the Tangier–Fez Railway, the port, or other things, and I do not see any alternative to asking the other Powers responsible for the international régime to come to the assistance of the zone.

9. In considering the question, I would refer to the letter addressed by the Foreign Office to the Committee of Imperial Defence on the 15th September, 1931, in which the situation was well set forth from the British point of view. It was pointed out in this letter that the financial difficulties of Tangier were, in a large measure, the result of the terms of the statute, which made it difficult for the zone to be self-supporting and which placed upon it certain charges which have proved to be beyond its power to bear in a time of trade depression. It was, therefore, upon the four Powers which drew up the statute of 1923 and the protocol of 1928 that the responsibility lay for finding the money necessary to enable the revenues of the Administration to meet the expenditure. It was possible that the French Government might be ready, either alone or in conjunction with the Spanish and Italian Governments, to furnish the sums necessary to enable the deficit to be met. If they were not ready to do so, three alternatives were to be considered. Two of these were ruled out and the third alternative was the only one which was seriously considered by the Foreign Office, namely, for the Administration to borrow sufficient money to cover the deficit. The Treasury, however, it was stated, felt that His Majesty's Government should not agree to such a course without insisting on the immediate initiation of a programme of reforms such as would place the zone on a sound economic footing and which might involve a revision of the Tangier Statute.

10. The situation thus foreseen may be said to have arisen, and it appears to me that the time has come once again to review the situation with a view to determining whether an effort should not be made to amend the statute in such a way as to reduce the statutory charges.

11. I would, however, recall at the same time that, as reported in my despatch No. 73 of the 2nd instant, it has been decided that the president of the Committee of Control shall visit Rabat and Tetuan in a final effort to induce the French and Spanish authorities to make the concessions already proposed and half promised, and it may be considered advisable, therefore, to postpone a detailed consideration of the problem pending the receipt of information as to the result of these visits. They are to take place very shortly, and I am led to believe that there is a good prospect of some offer being forthcoming from the French Zone. Whether the conditions, if any, attached to such offer will be acceptable, or whether the offer itself will prove adequate to meet the needs of the situation, is another question.

I have, &c.
HUGH GURNEY.

Enclosure 1 in No. 10.

Report by Mr. Dicken.

I.

DANS sa séance du 30 avril 1932, à laquelle nous avons assisté, le Comité de Contrôle nous a invité à présenter une nouvelle étude sur la situation financière de la zone avec nos propositions pour atteindre une balance en 1932 et nos propositions pour balancer le budget de 1933 et de la leur apporter ce matin.

Pour que l'explication soit claire, à mon avis, il faut faire un peu d'historique pour tracer de quelle façon la crise actuelle s'est produite.

Depuis le début du statut, la zone, grevée de dépenses obligatoires excessivement lourdes, a été astreinte à faire son budget avec un souci extraordinaire d'économies.

C'est ainsi que les services essentiels ont été entretenus avec le minimum de dépenses, à tel point que même le tribunal n'a pu être dignement logé et les bureaux meublés d'une façon comparable au plus modeste des bureaux des autres administrations.

Dans cet état de gêne financière, l'Administration s'est toujours opposée à l'exécution de travaux neufs à faire sur des prévisions de recettes. Elle a toujours demandé que ces travaux, si nécessaires pour le développement normal de la ville, soient faits avec de l'argent déjà encaissé, c'est-à-dire avec les excédents des années antérieures.

Pendant les premières années, ce système a été possible, car (1) il y a eu une prospérité modeste à Tanger, ce qui a permis aux estimations de recettes d'être réalisées; et (2) les charges pour le port et le Tanger–Fez notamment n'ont pas atteint leur maximum, et c'est ainsi que le fonds de réserve a pu être constitué.

C'est grâce à ce fonds que la zone a pu faire face au déficit de 1931 et que nous espérons qu'elle pourra faire face au déficit de 1932.

Il est évident que ce fonds, qui ne reçoit plus de versement, sera vite épuisé et qu'en conséquence il y a urgence à prendre les mesures nécessaires pour balancer le budget et faire une provision pour continuer les travaux neufs essentiels à l'avenir.

II.

Il est rappelé que la situation est devenue définitivement inquiétante dans les premiers mois de 1931.

L'Administration a exposé ses craintes au Comité de Contrôle au mois de juin 1931, et dans sa séance du 25 juin 1931 l'Assemblée législative, après avoir entendu les explications de l'Administration, a adressé le vœu suivant au Comité de Contrôle :

" L'Assemblée législative est informée que le Gouvernement chérifien n'accorde sa garantie à l'emprunt nécessaire pour l'achèvement des travaux du port de Tanger, que sous la condition d'être lui-même assuré que le service de cet emprunt sera garanti par prélèvement d'office sur les recettes de la douane, aux termes d'ailleurs de l'article 39, paragraphe 4, de la Convention statutaire.

" Elle considère, d'autre part, que la brusque et définitive interruption des travaux du port, qui serait la conséquence de son refus, aurait le caractère et tous les effets d'une déclaration de faillite immédiate et de la renonciation à tous les espoirs qui peuvent encore se fonder sur les avantages —les seuls qui nous restent—de notre situation géographique.

" Elle se résigne donc à la condition moralement et matériellement imposeé.

" Mais elle demande au Gouvernement chérifien et au Comité de Contrôle de constater :

" Que d'après les indications précises de la Direction des Finances, les recettes prévues pour l'exercice 1931 atteindront à peine 20 millions, alors que les dépenses actuellement engagées dépassent 24 millions;

" Que la zone est d'ailleurs grevée de frais de douane manifestement disproportionnés avec l'utilité, pour notre seule zone, de cette institution et s'élevant à plus du double de la proportion suffisante pour le reste du Maroc;

" Qu'elle est également grevée d'une contribution qui s'élève actuellement à 125,000 fr. pour chaque kilomètre de la ligne du Tanger–Fez, cependant obligée d'aboutir à Tanger pour sa propre justification;

" Qu'en raison des tarifs prohibitifs établis pour cette seule ligne et aussi des facilités et primes accordées par les autres zones au trafic qui se détourne de notre ligne pour emprunter la ligne de Petit-Juan à Kénitra ou celle d'El Ksar à Larache, l'exploitation du Tanger–Fez est pratiquement réduite à néant, aucune récupération de ce chef n'étant même à envisager;

" Qu'elle est grevée d'une contribution forfaitaire pour une gendarmerie dont les quelques services qu'elle en peut attendre aux seules fins de sa police intérieure ne justifient pas suffisamment le montant élevé—lequel fut d'ailleurs établi en 1924, en considération d'une situation économique aujourd'hui très diminuée;

" Qu'elle a dû subir la concession même du port, intervenue avant le statut, pour le service en tout cas du Maroc tout entier et dont la charge ne devrait ni en fait ni en droit, ni moins encore en équité, lui incomber intégralement;

" Qu'on ne saurait compter, pour compenser le déficit, sur la compression de dépenses qui représentent ou représenteront :

" 1. D'abord la dotation du personnel de nos services publics, qui débordent notablement les seules nécessités d'une administration municipale en raison des charges d'Etat que notre seule ville assume sans l'allégement qui résulterait partout ailleurs de leur répartition;

" 2. Ensuite, les seuls travaux d'entretien des rues et routes, à l'exclusion de travaux neufs auxquels nous avons dû renoncer malgré leur convenance et même leur nécessité, au risque d'agraver la crise actuelle de chômage;

" 3. Enfin, quelques crédits estimés indispensables pour l'assistance, l'hospitalisation et l'instruction destinés à la seule partie marocaine de la population et dont la charge devrait incomber à leur Souverain, comme elle incombe aux métropoles respectives pour la part correspondant à chacune des colonies étrangères.

" Et quant à l'accroissement des recettes :

" L'Assemblée législative considère que de nouveaux impôts dépasseraient les possibilités contributives de la zone, déjà épuisées,

" Puisque des possibilités sont sous la dépendance étroite des moyens économiques d'existence, lesquels nous sont supprimés ou réduits :

" 1. Dans l'ordre agricole, par l'exiguïté même de la zone et l'incertitude du régime juridique de la propriété, particulièrement accrue dans notre seule zone par l'hypothèse ou la réalité du Guich :

" 2. Dans l'ordre commercial, par les mesures directes ou indirectes de protection qui nous rendent plus difficile l'accès des zones voisines et confinent tout le développement possible de notre activité à cet égard au service exclusif de notre consommation locale;

" Dans l'ordre industriel, pour les mêmes raisons que dessus;

" Et quant aux seules chances qui nous resteraient d'utiliser les conditions particulièrement favorables de notre climat, de notre site, de notre position

sur le détroit et de notre régime international, elles nous sont jusqu'à présent supprimées par l'interdiction qui nous est faite de mettre à la disposition du tourisme pour l'attirer et surtout le retenir tous les agréments et toutes les libertés qui demeurent cependant notre seule matière imposable.

C'est pourquoi l'Assemblée législative estime qu'elle doit loyalement avertir le Gouvernement chérifien, les Puissances signataires et le Comité de Contrôle.

" Elle les avertit de l'échéance proche et fatale qu'il lui sera impossible de satisfaire, à défaut des moyens qu'on lui a refusés et de ceux qu'on lui a retirés.

" Consciente de ses responsabilités et aussi du labeur qu'elle a fourni pour retarder l'inéluctable événement, elle n'a pas voulu qu'on puisse lui reprocher une attitude susceptible d'entraîner la catastrophe immédiate.

" Mais elle déclare et démontrerait plus amplement encore que cet effort, s'il ne dépasse pas les limites de sa bonne volonté, n'en excède pas moins et par trop les bornes de son pouvoir."

Aucune satisfaction n'a été donnée pour l'année 1931.

La clôture de l'exercice 1931 a démontré que les craintes de l'Administration exprimées au mois de juin ont été même dépassées, parce que le déficit des recettes sur les dépenses a été de 4,654,000 fr. pour l'année entière.

Ce déficit a été couvert par des *économies* sur le budget de dépenses de 2,340,000 et d'un prélèvement sur les fonds de réserve de 2,314,000 chiffres arrondis.

Au moment de faire ses propositions budgétaires pour l'année 1932, l'Administration a reçu du Comité de Contrôle l'autorisation de compter, en établissant ses prévisions budgétaires, sur une solution en sa faveur de la question de 2½ pour cent. de la taxe spéciale, et que la gendarmerie serait réduite de façon que l'économie annuelle soit d'un million de francs (quoique pour l'année 1932 ce ne serait que d'un demi-million pour permettre la réduction); que sa part dans le Service du Tanger–Fez serait réduite à 750,000 fr. par an seulement.

Aucune suite n'a été donnée à ces questions et la zone reste toujours chargée de ces frais; pire dans sa lettre du 30 mars 1932 le Comité de Contrôle nous fait savoir que :

" D'autre part, lorsque le Comité de Contrôle a approuvé le budget on a prévu une diminution de dépenses en ce qui concerne la taxe spéciale perçue à Tanger, sur les marchandises expédiées à la Zone espagnole ainsi qu'en ce qui concerne la gendarmerie. La solution de ces deux questions est toujours pendante. Tant qu'elles n'auront pas été définitivement réglées, il faudra envisager la possibilité pour la zone d'être contrainte de verser à la Zone espagnole les sommes actuellement retenues au titre de la taxe spéciale et de payer la totalité de la somme de 1,500,000 inscrite au statut pour les frais de la gendarmerie. Ces deux charges éventuelles pourraient porter le total du déficit à près de 5,000,000 de francs."

Dans ma note du 18 mars dernier, je vous ai exposé que les recettes des trois premiers mois de 1932 ont manqué notablement d'atteindre les estimations budgétaires, bien que ces prévisions aient été faites d'une manière extrêmement prudente et qu'il fallait prévoir un déficit de 3,500,000 fr. pour l'année, si, ce qui est probable, les espoirs soulevés par le Comité de Contrôle au sujet du Tanger-Fez n'étaient pas réalisés.

Le Comité de Contrôle lui-même, dans sa lettre déjà mentionnée, nous avise que, probablement, il faudra encore trouver un demi-million pour la gendarmerie, ce qui portera le déficit à 4,000,000 sinon même 5,000,000 comme l'indique le Comité de Contrôle.

Dans sa séance du 11 avril dernier, l'Assemblée a décidé :

" De suspendre l'étude de nouveaux impôts et contributions jusqu'à ce que l'exécution de ces travaux neufs de voirie et d'assainissement lui ait été garantie."

Même si, contrairement à cette décision, les propositions déjà faites par l'Administration pour l'imposition de certaines taxes, comme la patente et autres, étaient prises immédiatement en considération par l'Assemblée, l'organisation nécessaire, pour leur mise en marche, la confection des rôles ne permettrait d'en tirer un revenu qu'en 1933.

Donc, il faudra avoir recours au fonds de réserve pour balancer le budget de 1932 en l'absence de toute satisfaction aux demandes concernant les dépenses obligatoires présentées au Comité de Contrôle.

L'état actuel du fonds de réserve est le suivant :

1,000,000 réserve statutaire,
1,000,000 objet de la loi pour faire face au déficit de caisse courant,
1,575,000 nominalement libre,

3,575,000

De plus, au mois de janvier, on a déjà prélevé sur le fonds de réserve la somme de 1,200,000 fr. (loi du 30 janvier 1932); donc, si le déficit total de l'année n'est que de 3,500,000, à la fin de l'année il restera au fonds de réserve 1,275,000. Si, au contraire, en l'absence de toute satisfaction sur les dépenses obligatoires et comme l'estime le Comité de Contrôle, le déficit pourra être de l'ordre de 5,000,000, le fonds de réserve serait complètement épuisé.

J'ajoute que le déficit sera amoindri par les économies administratives qui pourront être faites en cours d'année, et à ce propos et pour montrer que l'Administration persiste dans son effort de faire des compressions, elle a déjà supprimé par voie d'absorption cinq postes titularisés depuis janvier 1932.

C'est donc seulement la politique suivie par l'Administration d'accumulation de ce fonds de réserve qui a permis que le régime ait pu vivre jusqu'ici.

III.

Je n'ai rien à ajouter à ma note concernant la situation de 1932 faite à la fin du mois de mars. Les recettes douanières du mois d'avril, bien qu'elles n'aient pas été encore définitivement établies, sont sensiblement les mêmes que celles de mars.

Je n'ai donc pas à changer les estimations faites à cette époque.

IV.

L'état des recettes et dépenses réelles effectuées entre le 1er janvier et le 30 avril 1932, est le suivant :

	Recettes.	Dépenses.
Janvier ...	492,962·60	792,985·16
Février ...	380,602·23	903,579·05
Mars ...	1,012,876·43	1,191,709·27
Avril ...	873,071·27	1,126,980·00
	2,759,012·53	4,015,253·48
Déficit		1,256,240·95
Prélevé sur le fonds de réserve (loi du 30 janvier 1932 ...		1,200,000·00
Déficit de caisse au 30 avril 1932		56,240·95

Le déficit de caisse ayant forcé le Receveur de suspendre le paiement des fonctionnaires statutaires et des magistrats en attendant qu'il reçoive promulgation de la loi autorisant un prélèvement sur le fonds de réserve de 1,000,000 pour faire face au déficit de caisse.

V.

Il est intéressant de noter que les dépenses obligatoires à prélever d'office sur les recettes de la douane :

	1932.	1933.
Douane	2,200,000	2,000,000
Dette	500,000	500,000
Tanger-Fez ...	1,450,000	1,450,000
Port	3,600,000	4,200,000
	7,750,000	8,150,000

Nous basant sur les recettes douanières des trois premiers mois, les recettes

de la douane proprement dites seront de l'ordre de	5,600,000
des taxes de consommation	2,125,000
	7,725,000

qui menacent de ne pas suffire même pour les dépenses obligatoires pour l'année 1932 et beaucoup moins pour 1933.

Je n'ai pas pris la taxe spéciale en ligne de compte pour un total probable de 1,765,000, parce que, en vertu de l'article 38 du statut, elle est affectée aux travaux.

VI.

Le budget de 1933 se présente donc comme suit :

Total des recettes prévues pour 1932		22,460,000
Moins le déficit probable, soit		3,500,000
		18,960,000
Moins prévisions pour la taxe spéciale supposée non encore résolue en notre faveur ...		200,000
Total des prévisions des recettes pour 1933		18,760,000

Dépenses.

Total des dépenses pour 1932		22,450,000
Complément du service pour le port		400,000
De plus pour la gendarmerie (lettre du Comité de Contrôle)		500,000
Prévision pour augmentation automatique du personnel		100,000
		23,450,000
		18,760,000
Déficit		4,690,000

Il est estimé que la patente et la taxe d'habitation pourraient rapporter 1,000,000 entre les deux pour la première année.

Admettons que par de petites taxes supplémentaires avec les économies que l'Administration pourrait proposer sur le budget ordinaire, une somme de 5,000,000 serait atteinte, il existera toujours un déficit de 3,190,000, et cela dans le cas le plus favorable et avec le fonds de réserve épuisé.

Il y a aussi incertitude sur la somme que nous pourrons prévoir comme notre part dans les bénéfices du Monopole des Tabacs.

Il est donc tout à fait possible que le déficit à couvrir pour 1933, après l'effort fait par la zone de nouvelles taxations et d'économies, sera de l'ordre de 3,500,000 fr., et cela sans la provision de travaux neufs nécessaires pour la marche normale de la ville qu'on peut estimer à 1,500,000 en plus. Ce n'est que la solution des questions concernant les dépenses obligatoires qui a fait l'objet du vœu de l'Assemblée en date du 25 juin 1931 déjà cité et qui permettra la présentation d'un budget en équilibre pour 1933.

Tanger, le 3 mai 1932.

Enclosure 2 in No. 10.

Motion adopted by Committee of Control, May 3, 1932.

M. l'Administrateur,

LE Comité de Contrôle a examiné dans sa séance d'aujourd'hui le rapport que vous lui avez fait présenter par Mr. Dicken à la séance précédente. Il a décidé de s'adresser aux Gouvernements qu'il représente pour leur exposer la situation financière révélée par ce rapport, en leur faisant remarquer que le déficit à envisager pour l'exercice en cours ainsi que pour l'année 1933 provient en grande partie des charges imposées à la zone par le statut et en les priant d'envisager les mesures propres à porter remède à cet état de choses.

Il pense en même temps qu'il serait très désirable, voire même indispensable, que la zone fît de son côté un effort pour comprimer les dépenses et augmenter les recettes et il se permet de vous recommander la présentation d'urgence à l'Assemblée législative des projets dans ces deux sens qui sont envisagés dans votre rapport.

Enclosure 3 in No. 10.

Letter addressed to the Administrator by the Committee of Control, May 3, 1932.

LE Comité de Contrôle ayant examiné l'aperçu de la situation financière de la zone que le Directeur des Finances lui a présenté sur sa demande dans sa séance du 3 mai, constate que cette situation est encore plus grave que celle de l'année dernière, et il rappelle à ce propos la motion qu'il a adoptée à la date du 4 juillet 1931. Il est à prévoir, en effet, que le budget de l'exercice en cours présentera un déficit de l'ordre de 4 à 5 millions de francs, tandis que le déficit de l'année 1933 pourra atteindre le même chiffre, le fonds de réserve ayant été entièrement épuisé pour combler le déficit de 1932.

Le Comité de Contrôle, tout en décidant de recommander à l'Administrateur la présentation d'urgence à l'Assemblée des mesures envisagées dans cet aperçu pour effectuer des économies et pour créer de nouvelles sources de revenu, constate à l'unanimité que ces mesures seront loin de suffire pour combler le déficit. Ceci provient principalement des lourdes charges qui ont été imposées à la zone par le statut et, comme le Comité de Contrôle est impuissant à les alléger, il ne peut qu'en référer aux Gouvernements qu'il répresente, ainsi qu'il l'a fait en 1931, en leur signalant encore une fois que l'état de choses actuel est de nature à mettre en péril l'existence même du statut et en leur demandant de nouveau d'amenager les mesures propres à y rémedier.

[W 5607/13/28] No. 11.

Sir John Simon to Lord Tyrrell (Paris).(1)

(No. 1134.)

Foreign Office, May 30, 1932.

My Lord,

I TRANSMIT to your Lordship herewith a copy of a despatch(2) from His Majesty's consul-general at Tangier, enclosing a copy of a statement in regard to the financial position of the zone prepared by the Director of Finance. As you will observe, it is anticipated that the deficit for the present year will be at least 3,500,000 fr., and that it will be necessary to borrow from the Reserve Fund, which at the beginning of the year stood at 4,775,000 fr., and will therefore be reduced by the end of the year to 1,275,000 fr., if not to less.

2. My predecessor, in his despatch No. 2195 of the 3rd September last, requested that you should ascertain the views of the French Government on the recommendations made last year by the Director of Finance for the Zone of

(1) Also to His Majesty's Ambassador at Rome (No 528) and Madrid (No. 208), *mutatis mutandis.*
(2) No. 10.

Tangier for balancing the budget of the Administration, and enquired whether they were prepared to accept these recommendations, and, if not, whether they were in a position to put forward any alternative suggestions for meeting the request made to the Governments by the Committee of Control in July last in regard to relief on the statutory charges. His Majesty's Government have never been favoured with a reply to these questions, and now the financial position appears to be worse and steadily deteriorating.

3. I request that you will, therefore, once more endeavour to ascertain the views of the French Government, since it appears to His Majesty's Government that the time is not far distant when the problem will have to be faced, but before deciding their own course of action they would desire to know the opinions of the other Powers principally concerned.

4. Similar despatches have been addressed to His Majesty's Ambassadors at Rome and Madrid.

I am, &c.
JOHN SIMON.

[W 8177/13/28] No. 12.

Foreign Office to Treasury.

Sir, *Foreign Office, July* 28, 1932.

I AM directed by Secretary Sir John Simon to acknowledge the receipt of your letter of the 16th July on the subject of the financial situation at Tangier.

2. The Lords Commissioners of His Majesty's Treasury have been kept fully informed of the course of events since the serious financial situation in the Tangier Zone was first brought to the notice of this Department a year ago, and their Lordships will remember that in a despatch addressed to His Majesty's representatives at Paris, Madrid and Rome on the 3rd September last the Marquess of Reading invited the French, Spanish and Italian Governments to express their views on the recommendations then made by Mr. Dicken, the Assistant Administrator charged with the supervision of the finances of the zone, for balancing the budget for the year 1932.

3. Despite repeated reminders, no replies were received from those Governments, and the budgetary expenditure of 1932 has been only covered by drawing on the reserve fund, which should be sufficient to meet all foreseen expenditure up to the end of the current year, but which will then be exhausted. On account of the general economic crisis, the situation has become progressively worse, and the same problem in an aggravated form, and with no reserve fund to draw on, will have to be faced for the year 1933. Mr. Dicken was therefore constrained to set forth once more in his report to the Administrator, dated the 3rd May (a copy of which was forwarded to you in Foreign Office letter of the 3rd June), the serious situation with which the zone was faced. In the light of this report, the Committee of Control recommended to the Assembly that further economies should be made, and the president of the Committee of Control personally interviewed the authorities in the Spanish and French Zones and exposed to them the situation in the Tangier Zone with a view to secure that the Spanish and French Zones should assist the Tangier Zone by relieving it of part at any rate of the fixed charges. I am to enclose herein a copy of a despatch from His Majesty's consul-general at Tangier, forwarding copies of the documents communicated by Prince de Croy to the authorities of the Spanish and French Zones in support of the request of the Tangier Zone.(1) At the same time representations were made to the Spanish and French Governments by His Majesty's representatives at Madrid and Paris in the same sense, and, while it would appear unlikely that the Spanish Government will agree to any, or at the best only a very small, contribution towards the relief of Tangier, it is thought probable that eventually the French Government will consent to give assistance to the extent of some 2 or possibly 3 million francs.

(1) Not printed.

4. Sir John Simon entirely agrees with the Lords Commissioners as to the undesirability of His Majesty's Government contributing any direct financial assistance to the Tangier Zone, and he would certainly not suggest that any such contribution should be made if it can possibly be avoided; but he feels that their Lordships should not overlook the fact that it may in the last resort become necessary for this country to come to the assistance of the zone.

5. In the first place, their Lordships will be aware from C.I.D. Paper No. 1066–B of the 23rd November last that the Chiefs of Staff regard the maintenance of an international régime at Tangier to be an Imperial interest of even greater importance now than in 1923, and that this opinion was approved by the Committee of Imperial Defence at their 254th meeting on the 7th December last. Should the Administration of the Tangier Zone become insolvent and the régime provided by the statute thus break down, there is a possible danger that the international status of Tangier might disappear. Although Sir John Simon considers that this danger can be discounted, a conference would, in any case, have to be held to consider how the Tangier Statute could be revised, and in the light of the experiences of 1925 and 1928 such a conference would certainly be very contentious, would last a long time and would involve considerable expenditure. It is for these reasons that Sir John Simon has deprecated a suggestion recently made by the Italian Government (see Foreign Office letter of the 8th July) that the Tangier Statute should be revised immediately.

6. In the second place, even if the French Government decide to assist the zone by assuming responsibility for a part of the fixed charges, Mr. Dicken anticipates that this assistance will not be sufficient to balance the budget. I am to enclose herein a further report by Mr. Dicken to the Administrator, dated the 9th June, in which the situation is clearly set forth. Mr. Dicken shows that certain economies can be made, and doubtless the French Inspector of Finance, who is to visit the zone in September, may recommend still further economies. It is clear, however, that such economies can only be small, and there is danger that, if the salaries of the more important posts are reduced, the present officials will resign, with resultant inefficiency and consequent increase on the debit side. Mr. Dicken shows, moreover, that he is attempting further measures of increased taxation, but that in the present world conditions the full taxable capacity of the community has practically been reached and that no great return from the new taxes can be anticipated. On the subject of economies, I am to observe that, even in normal or prosperous times, the fixed charges imposed by the statute on the budget of the Tangier Zone were unduly high and weighted the budget inequitably, and it was only by most careful budgeting that Mr. Dicken was able to create a reserve fund, originally earmarked for public works, which will now completely disappear by the end of the current year.

7. In these circumstances, Sir John Simon feels that Mr. Dicken's suggestion that each of the Powers should defray the salaries and allowances of the statutory employees of their nationality in the service of the Administration is worthy of serious consideration. The total of the salaries and allowances of the British personnel amounts to 384,996 fr. 32 c. (say, £4,277, at 90 fr. to the £), while the salaries and allowances of the French and Spanish personnel amount to 460,270 fr. 81 c. and 430,679 fr. 14 c. respectively. British interests in property and trade in Tangier are by no means inconsiderable, and, as stated above, great importance is attached to the maintenance of Tangier as an international régime. I am to repeat that it is not Sir John Simon's intention to propose, except in the last resort, that any contribution should be made to the finances of Tangier. At the same time he feels that this country has really important interests in Tangier, and he desires that the Lords Commissioners should be aware that it may eventually become necessary for him to ask their Lordships to sanction a contribution of not more than £5,000 per annum from Imperial funds in order to maintain the international régime, provided that similar contributions were forthcoming from the other three Powers signatory of the statute.

I am, &c.
C. HOWARD SMITH.

[W 8367/13/28] Enclosure in No. 12.

Note pour M. l'Administrateur.

DANS ma note du 3 mai 1932, VI^ème^ section, je vous ai fait une appréciation rapide du budget de 1933.

Actuellement, me basant sur ma note du 4 juin 1932 et les événements derniers, je peux faire une approximation nouvelle :

	Fr.
Le total des recettes prévues pour 1932 était de	22,460,000
Déficit probable de 3,800,000, soit	4,000,000
	18,460,000
et si la question de la taxe de 2½ pour cent n'était pas résolue en notre faveur, en moins	165,000
Recettes à prévoir	18,295,000
Le total des dépenses à prévoir pour 1932 est de	22,450,000
A ajouter le complément pour le port ...	400,000
Augmentation normale du personnel ...	100,000
Dépenses à prévoir	22,950,000

D'où il ressort clairement que nous aurons :

	Fr.	
Un déficit de	22,950,000	
Moins	18,295,000	
	4,655,000	à trouver,
Et à cette somme j'ajouterai (pour travaux neufs, sans provision, car (*a priori*) le fonds de réserve sera épuisé) ...	1,500,000	
Donc nous avons	6,155,000	à trouver.

Cette somme est à couvrir :

(*a*) Par des économies;
(*b*) Par de nouveaux revenus;
(*c*) Par satisfaction à obtenir des autres zones sur questions déjà posées;
(*d*) Autres satisfactions à obtenir des Puissances.

Discussion en ordre de ces Rubriques.

(a) *Economies.*

Les économies à prévoir ne sont pas énormes, car l'économie a toujours été une préoccupation primordiale de l'Administration; donc la marge qui reste est infime. A ce propos, je cite ce que dit, à ce sujet, Mr. Graham Stuart dans "The International City of Tangier," Chapitre 9, Section 3 : "il est admis universellement que le plus grand problème de Tanger est l'économique, car *ses charges* financières *sont de beaucoup plus grandes que celles justifiées* par ses ressources économiques apparentes. Cependant, malgré cette situation *presque sans espoir* . . . . a réussi à balancer le budget chaque année. . . . ."

Si donc, les années de modeste prospérité, la tâche de balancer le budget était "presque sans espoir" et exigeait les plus grandes économies, il est évident que la marge pour de nouvelles compressions n'est pas grande et que c'est sur "les charges" auxquelles fait allusion Mr. Graham Stuart que doit porter l'effort.

Certaines économies peuvent être envisagées quand même.

Comme vous le savez, je suis d'avis que les fonctionnaires ne sont pas trop payés. Néanmoins, pour continuer le geste déjà fait par l'Administration, je suis d'avis d'accepter la suppression de l'allocation de congé pour le budget de 1933. D'où économie 260,000 fr.

Pouvons-nous diminuer le nombre des fonctionnaires?

Je vous rappelle que sur les dix-huit suppressions proposées par l'Administration quatre ont été effectuées définitivement sur le budget de 1932.

quatre autres, pour un total de 36,000 fr., ont déjà été absorbées au cours de cette année; il reste dix à absorber, pour 210,000 fr. environ. Sans doute une partie de cette économie pourra être réalisée sur le budget de 1933. Combien, il est impossible de le prévoir. Pour ne pas exagérer, disons : 50,000 fr.

Nous pouvons aussi, à mon avis, supprimer définitivement un ingénieur-adjoint, pour 52,500 fr.

Pour le reste, bien que je crois qu'en général le personnel dont nous disposons soit déjà assez réduit, il n'est pas impossible que certains services ne puissent être supprimés entièrement—examiner le cas du dispensaire, à nouveau—où quelques emplois, surtout dans les postes supérieurs, pourraient être amalgamés de façon à faire des économies. Ces questions touchant généralement à des considérations soit politiques, soit de nationalités, à mon avis, il conviendrait d'avoir recours à un expert d'administration *de dehors* qui pourrait, avec grande autorité et sans préoccupation locale de nationalités et autres, donner un rapport objectif sur cette question.

Pour le reste, les nouveaux arrangements faits en ce qui concerne la fourniture d'eau nous laissent prévoir une économie de 100,000 fr. par an; pour la gendarmerie, de 260,000 fr.; et la douane continuera certainement dans la voie d'économies, pouvons-nous supposer 150.000 fr.?

Les économies sont donc :

	Fr.
Allocation de congé	260,000
Absorption de personnel	50,000
Suppression d'un ingénieur-adjoint ...	52,000
Eaux	100,000
Douane	150,000
Gendarmerie	240,000
Autres économies éventuelles ...	148,000
Total	1,000,000

(b) *Nouveaux revenus.*

Nous avons déjà déposé des projets pour la patente et la taxe d'habitation, estimés devoir produire 1 million. Toutefois, je considère que le moment est mal choisi pour appliquer ces taxes et il conviendrait de les éviter si possible jusqu'à ce que la vie économique reprenne.

A part les jeux—chose inconnue et dans tous les cas probablement pas productifs de revenus en 1933—nous avons déposé un projet de taxes sur les fiches d'hôtels pour 50,000 fr.; et la question des loteries est en discussion: mettons à titre de simple indication qu'il y a là un revenu quelconque—250,000 fr. Donc total—300,000 fr.

Le total des paragraphes (*a*) et (*b*) est de 1,300,000 fr., ce qui laisse à couvrir par (*c*) et (*d*) la somme de :

Fr.
6,155,000
– 1,300,000
4,855,000

Pour facilité de présentation, je prends (*d*) le premier : "Autres satisfactions des Puissances."

Pour cela j'envisage spécialement le paiement par les Puissances du personnel statutaire de leur nationalité. Le total serait de 1,410,000 fr., ce qui laisserait 3,445,000 fr. à couvrir par (*c*) "Satisfaction à obtenir des autres zones."

Ces satisfactions sont :

(1) De Justice :

	Fr.
Taxe spéciale	165,000
Contribution de la zone espagnole aux frais de la douane	200,000
	365,000

Ce qui laisse 3,080,000 fr. à trouver. Il est à noter que, si les négociations prévues pour arriver à la péréquation des droits de consommation avec la zone espagnole aboutissaient de façon à atteindre ce but *sans diminution de revenu*—ce que nous cherchons—nous pourrions dénoncer l'accord interzonal, le substituer par un forfait sur bases connues et économiser encore 120,000 fr. sur le budget de la douane;

(2) D'Equité :

	Fr.	
Dette marocaine	500,000	
Tanger–Fez	1,450,000	
Port	4,200,000	
	6,150,000	
De ces chiffres, il résulte qu'ayant ...	3,445,000	à trouver,
moins les réductions de justice à obtenir de la zone espagnole ...	365,000	
Il reste à trouver	3,080,000	

qui pourraient être récupérés ainsi, sur le poste " d'équité " :

	Fr.
Moratoire pour la dette	500,000
Réduction du Tanger–Fez	700.000
Avance pour le port du Gouvernement chérifien comme garantie ...	2,000,000
	3,200,000

Ces arrangements devraient être consentis pour donner une certaine stabilité au régime et aider le commerce local à sortir de la crise générale au moins jusqu'au 1er juin 1936.

C. V. DICKEN.

Tanger, le 9 juin 1932.

[**W 9233/13/28**] No. 13.

Treasury to Foreign Office.—(*Received August* 16.)

Sir, *Treasury Chambers, August* 15, 1932.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Howard Smith's letter of the 28th July, 1932, and enclosures, further relative to the financial situation at Tangier.

It is stated that in September last the French, Spanish and Italian Governments were invited to express their views on the proposals for balancing the budget for the current year, but that, in spite of repeated reminders, no replies have so far been received, the budgetary expenditure of 1932 having been covered by drawing on the reserve fund. In the meantime, the situation has become progressively worse, and the same problem, in an aggravated form, will have to be faced for the year 1933 with no reserve fund to draw upon.

In June last the president of the Committee of Control at Tangier personally interviewed the authorities in Spanish and French Zones with a view to securing that these zones should relieve the Tangier Zone of part of the fixed charges, and further representations on similar lines have been made to the Spanish and French Governments by His Majesty's representatives at Madrid and Paris. It appears unlikely that the Spanish Government will agree to any, or at the best to only a very small, contribution, but it is thought probable that eventually the French Government will consent to give assistance to the extent of some 2, or possibly 3, million francs.

Even if this assistance is forthcoming, and after making allowance for possible economies to be effected by the French Inspector of Finance and for any additional receipts through further measures of taxation, Mr. Dicken, the Treasurer, anticipates that it will not be possible to balance the budget in 1933. In these circumstances, Secretary Sir John Simon, bearing in mind the necessity for the maintenance of the international régime at Tangier and of the serious disadvantages that might result from a conference for the revision of the Tangier Statute, considers that it would be advisable in the last resort to make a contribution to the finances of Tangier at a rate not exceeding £5,000 per annum in order to meet the salaries and allowances of the statutory employees of British nationality in the service of the Tangier Administration.

In reply, I am to request you to inform the Secretary of State that my Lords appreciate his intention to avoid making a contribution except as a last resort. If, in his view, such a contribution becomes necessary, and on the understanding that the other three Powers concerned agree to take similar action in respect of the salaries of employees of their nationality, my Lords will sanction a contribution on the basis proposed.

I am, &c.
R. V. NIND HOPKINS.

[**W 11995/13/28**] No. 14.

Mr. Gurney to Sir John Simon.—(*Received November* 1.)

(No. 144.)

Sir, *Tangier, October* 25, 1932.

IN my despatch No. 109 of the 8th July last I had the honour to report that the French Government had consented to place at the disposal of the Committee of Control a French Inspector of Finance for the purpose of conducting an enquiry and furnishing a report as to the possibility of effecting economies in the cost of the International Administration beyond those proposed by the Administrator. It was I who first proposed to the Committee of Control and the Administrator the advantage of having such an enquiry carried out by an expert in the course of a meeting held on the 30th April. The proposal was rejected by the Administrator at the time, but as a result of suggestions which I conveyed to him subsequently through Mr. Dicken, M. le Fur was induced at a later date himself to put forward a request for expert assistance.

2. The expert in question, M. Laure, did not arrive in Tangier until the end of last month, but he lost no time in conducting a very thorough enquiry into all departments of the Administration, including the Customs Service, and he has already submitted his report.

3. M. Laure's report, of which I enclose a copy herein,(1) begins with a brief survey of the situation, in which he points out that the economic crisis has come at a particularly unfortunate moment for Tangier since the charges for the port loans continue to show a steady increase, whilst under the terms of the existing contract the town will not derive any revenue from the port until the 1st January, 1935. The fact that these charges will amount in 1933 to a fifth of the total revenue renders the position particularly difficult and necessitates the adoption of immediate remedies.

4. The 1932 budget provided for receipts amounting to 18,800,000 fr., and an expenditure of 22,400,000 fr., leaving a deficit of some 3,600,000 fr. This deficit will be taken from the Reserve Fund, which will be reduced to 1,160,000 fr. at the beginning of 1933. For 1933 the Administration have already proposed various economies amounting to a total of 960,000 fr. and reducing expenditure to some 22,270,000 fr., but leaving an anticipated deficit of some 3,600,000 fr. M. Laure considers that steps must be taken not only to cover this deficit, but also to provide a surplus in order to prevent a recurrence of the problem in the event of further economic depression, and to tide over the time taken for the full

(1) Not printed.

realisation of the economies which he proposes. A surplus will also be required to enable a fresh fund for the execution of new public works to be built up. He proposes :—

	Fr.	Fr.
(*a*) Economies in personnel—		
Administration	350,000	
Gendarmerie	345,000	
Customs	220,000	
		915,000
(*b*) New taxation		1,000,000
(*c*) Assistance from the Powers		2,800,000
Total		4,715,000

Receipts would thus amount to 22,470,000 fr. and expenditure to 21,355,000 fr., leaving a surplus of 1,115,000 fr.

5. The proposed cuts in the administrative staff are detailed in an annex and I discuss them below.

6. As regards the gendarmerie, M. Laure proposes in the first place that they should take over the work of the fire brigade, thus effecting an economy of 145,000 fr. He then proceeds to point out the excessive number of officers, and recommends a substantial reduction, which would, he estimates, result in a saving of 200,000 fr. The force is at present commanded by a major, a captain, four European lieutenants and four caids. When it was reduced this year from 250 men to 150, it was urged by the Committee of Control that a corresponding reduction should take place in the number of officers, but the Spaniards refused to agree, representing that they could not find places for the Spanish officers affected in their army, and the French declined to remove their officers except, *pari passu*, with the Spanish officers.

7. As regards the customs staff, M. Laure recalls that the cost of this service has already been reduced from about 2,500,000 fr. in 1930 to about 2 million francs in 1932. He omits, however, to mention that this reduction was only forced upon the Customs Administration by the Committee of Control. In their arbitral award given at the end of last year it had been laid down that a further reduction in expenditure must be effected this year. M. Laure now states that a reduction to 1,780,000 fr. has been agreed to by the customs service, whilst suggesting that a further reduction could be effected if the Spanish Government would agree to pay the salary of the Spanish "Interventor," whose appointment they insisted upon at the time of the signature of the statute and who serves no useful purpose, and holding out hopes of further economies when certain legislation in regard to the salaries of officials has been enacted in the French Zone.

8. As regards new taxation, M. Laure points out that the citizens of Tangier are at present very lightly taxed, and he proposes the introduction of the following three new taxes, viz. : (*a*) the *tertib*, to be levied only on animals, (*b*) the *patente* and (*c*) a *taxe locative*. The statute anticipated that the *tertib*, which is an agricultural tax applied throughout Morocco, should be introduced at Tangier, and M. Laure thinks that, while it would not be desirable to make it applicable to fruit trees or agricultural produce, it could very well be levied on domestic animals. It could, he suggests, be collected by the Mendoubia with the assistance of the headmen of the villages and so save the expense of a European staff. He estimates that it will bring in some 200,000 fr. A Bill for the imposition of the *patente* tax has already been laid before the Assembly, and he thinks that it should produce some 600,000 fr. A proposal for a *taxe locative*, or house tax, levied not, as is the present tax, on the owners of houses, but rather on their occupiers, has also been submitted to the Assembly, and M. Laure estimates receipts from it at 400,000 fr.

9. Finally, as regards assistance from the Powers, M. Laure first of all points out that it is true that the statute imposed on Tangier a heavy administrative machinery, a tribunal "largement composé" and a large force of gendarmerie, and that the Port and Tangier–Fez Railway Loan charges are heavy, as is also the share of Tangier in the service of the 1904 and 1910 loans. On the other hand, however, Tangier has been allowed to retain the whole of the State revenue levied here, and if Tangier were a town in the French Zone, relieved of all statutory charges, not only would the taxpayer pay higher States taxes, but the municipal taxes would also be much heavier.

10. At the same time he shows that, as a result of the present crisis, little or no balance of State receipts is left over after the statutory charges to make good the deficit in the municipal budget, and that there is some justification at any rate for asking the Powers to reduce the statutory charges for which the town now receives inadequate compensation.

11. In any case, he says it is not fair that a town like Tangier should be saddled with the whole cost of a port which serves all three zones alike, or that the 15 kilom. of railway line which cross the International Zone should be paid for by Tangier at an annual rate of over 100,000 fr. a kilometre.

12. On these grounds he feels justified in asking the other two zones to contribute to the cost of the port on the basis of the customs receipts which it brings in for them. These receipts represent, he says, about 60 per cent. for Tangier, 19 per cent. for Spain and 21 per cent. for France, and he proposes that the French and Spanish Zones should contribute on this basis, which would represent a saving to Tangier of some 1,700,000 or 1,800,000 fr. He mentions that the receipts from tobacco are included in his estimate of customs receipts, but he omits to call attention to the fact that a new factory to produce all the tobacco consumed in the French Zone is to start work at Casablanca and Kenitra at the beginning of 1934, and it is to be presumed that no more tobacco destined for consumption in the French Zone will pass through the port of Tangier after that date, or, indeed, I suppose, during the latter part of next year, a consideration which must materially affect his calculation.

13. As regards the Tangier–Fez Railway, he thinks it would be only reasonable to reduce by half the present charge, which is estimated at 1,450,000 fr. The 700,000 fr. saved to Tangier could be borne by the French and Spanish Zones on the basis laid down in the agreement of 1914 for the apportionment of debt charges, namely, 40 per cent. for Spain and 60 per cent. for France.

14. Apart from these contributions, M. Laure recommends that the French and Spanish Governments should continue to contribute 500,000 fr. apiece to the cost of the gendarmerie, and that the Spanish Zone should follow the example of the French Zone and give up all claim to the *taxe spéciale* levied here, representing a gain to Tangier of some 150,000 fr. a year. Finally, he points out that the French Zone at present contributes 500,000 fr. to the cost of the customs, and he suggests that the Spanish Zone might make a similar contribution, recalling that the sum of 200,000 fr. has already been suggested as a reasonable figure.

15. These measures will, M. Laure considers, be sufficient to restore the budgetary position. He points out, however, that it will still remain to create a favourable economic atmosphere, which will be all the more necessary in view of the approaching termination of the harbour works and the disappearance of the tobacco factory, which will affect not only the customs and railway receipts, but will lead to the dismissal of numerous employees. The Committee of Control will therefore no doubt see fit to take measures of an economic nature with a view to enabling the zone to play the part for which it seems destined, namely, that of a port of call and a touristic centre.

16. The authorisation of gambling, the construction of the town railway station, the admission of Tangier to the number of ports from which grain may be exported to France on special terms and the unification of tariffs on the Tangier–Fez Railway are, he points out, some of the questions which call for urgent settlement. In conclusion, he expresses the hope that, if the Committee of Control decide to take action in the sense of his proposals, they will treat them as a whole, representing as they do a series of parallel sacrifices.

17. Although I was very favourably impressed by M. Laure's personality, and he showed great industry and independence in the preparation of his report, I must confess that I am somewhat disappointed by its contents.

18. I urged the appointment of such an expert with the double object of compelling the Administration to make greater economies than they seemed prepared to do and to strengthen their hands in getting such economies accepted by the Assembly. As you are aware, the greatest abuses in respect to administrative staff are in the departments under Spanish control, namely, the Public Health Department and the Department of Public Works. Although the Administrator and Mr. Dicken are fully aware of the desirability of reducing the staffs of these departments, they have not found it possible to secure any material reductions in view of the storm of national prejudice which is aroused whenever

there is any question of such action. It is, indeed, an unfortunate fact that the sense of international responsibility is entirely lacking in the Spanish element in Tangier, and that it is regarded as an insult to Spain if any criticism is levelled at the departments under the control of Spanish officials or if it is proposed to dismiss from the Administration personnel of Spanish nationality.

19. I had hoped that M. Laure would have shown greater courage in dealing with this problem. He has, however, confined his recommendations for reduction of staff to proposals for which he has obtained the acceptance of the heads of the departments concerned, although it is true that he hints very clearly that further reductions would be desirable in the departments which I have mentioned.

20. I also note that, although M. Laure states that his proposals are in addition and supplementary to those already proposed by Mr. Dicken, in certain respects, at any rate, they overlap those proposals, and the saving will consequently not be so great as is indicated in M. Laure's report. He recommends, for instance, the suppression of the post of assistant engineer, whereas this post is included with others in Mr. Dicken's proposals. Similarly, as regards the Customs, Mr. Dicken expressed the view last June that he could count on a reduction of 150,000 fr. as compared with the estimates for this year. M. Laure states that he has obtained a reduction of 220,000 fr., but this appears to include the former amount, so that the additional reduction will not amount to more than some 70,000 fr., whilst I fear that even this sum will not be realised next year, since it is proposed that the cuts in staff shall only be effected as and when the posts in question become vacant. The same proviso applies to the majority of the other cuts he proposes, so that, in any case, the whole of the sums he mentions will not be saved next year.

21. Some of M. Laure's proposals will, I fear, also be difficult to put into effect. I understand, for instance, that the commandant of the gendarmerie objects to the proposal that the work of the Fire Brigade shall be transferred to the gendarmerie, and I also cannot believe that the Spanish Government will agree to a reduction in the number of officers in the gendarmerie without, at any rate, at the same time insisting on a reduction of their contribution. I can also not believe that, unless great pressure is brought to bear on them, they will relinquish their claim to the *taxe spéciale* or agree to contribute to the cost of the Customs.

22. As regards the latter, it has been repeatedly represented to me by Spanish officials that they particularly resent the fact that the Customs are entirely staffed by French officials (with the exception, of course, of the "Interventor"). If, therefore, they are prepared to consider such a grant, they are, I think, almost certain to claim that a proportion of the posts in the Customs Administration should be held by Spaniards—a condition to which the French are not likely to agree.

23. As regards the proposed contributions to the cost of the port, there is no doubt a good deal to be said for the contention that, since the port is destined to serve the interests of the other two zones, it is only fair that they should contribute to its cost. At the same time, great jealousy of Tangier is felt not only by the ports of the French Zone, but also, and perhaps more particularly, by the port of Ceuta, which serves the Spanish Zone, and it will be very difficult indeed to persuade the Spanish Government to consent to give pecuniary encouragement to the development of Tangier. Moreover, as pointed out above, when the tobacco factories are established in the French Zone, the proportion of goods passing through Tangier to the Spanish Zone will be considerably greater than that passing to the French Zone, so that, if the basis proposed by M. Laure is accepted, the subvention payable by the Spanish Zone will, after 1933, be correspondingly greater than that payable by the French Zone, and the principle will be still less acceptable to the Spaniards.

24. Even, however, if they do consent to contribute, it appears to me probable, from what I hear from my new Italian colleague, that his Government will raise objections to such contributions, in the belief that they cannot fail to increase the French hold on the zone, morally, if not materially. I do not know how His Majesty's Government would regard such a proposal, but it is certainly open to this objection.

25. The same objection does not apply to the proposal in regard to the Tangier–Fez Railway, since it is obviously unreasonable that Tangier should contribute on the present basis to the cost of a line which was constructed without

its intervention and without its being in a position to control the method by which it was financed. The responsibility must fall on the other two zones, and it is clearly they who ought to relieve Tangier of this burden. The Spanish Government have, however, so far shown no inclination to consider the proposals which have repeatedly been submitted to them in this connexion.

26. In any case, I fear that it will take a long time to get the proposals adopted, even if it is ultimately found possible to induce the Spanish Government to accept those which concern them either in whole or in part, and if the Italian or other Government do not veto them.

27. At the same time, it must be borne in mind that the people of Tangier have shown considerable resentment at the apathy of the Powers towards their repeated appeals for assistance, and, however unreasonable their attitude may be, I fear that it will be very difficult to get them to agree to the economies and new taxation proposed by M. Laure unless we can at the same time assure them that some assistance will be forthcoming from the Powers.

28. It is, however, essential that steps should be taken without delay to provide fresh resources, since, as Mr. Dicken has pointed out in a memorandum, of which I am sending a copy in a separate despatch, he anticipates that the revenue to be collected in January and February of next year will not suffice to cover the statutory expenditure. It is to be hoped that there will be enough money left in the reserve fund to meet immediate requirements, but it is clear that matters cannot go on indefinitely in this way.

29. In view of all the facts of the case, I am inclined to think that the only way out of the difficulty is for His Majesty's Government to take the initiative and put forward a concrete proposal which is likely to be immediately acceptable to all the Powers concerned. What I would like to suggest is that the four Powers chiefly interested should agree, without delay and without prejudice to any further concessions which may be forthcoming from the neighbouring zones, to make a grant for one year of a sum of 500,000 fr., such grant to be made contingent on the adoption by the Assembly of the proposals put forward by M. Laure for economies and new taxation. The amount in question represents little more than the cost of the salaries of the functionaries of British, French, Spanish and Italian nationality in the service of the zone, and I understand from your despatch No. 181 of the 26th August last that the Lords Commissioners of His Majesty's Treasury would not be averse to such a contribution on the part of His Majesty's Government. A similar proposal was put forward by the Spanish Government at the time of the last negotiations, and the Italian Government have, I believe, shown themselves in the past prepared to consider such a subvention, although I understand from my Italian colleague that his Government would now prefer to join with the other Powers in making a loan to the Tangier Administration.

30. If His Majesty's Government were to consider such a proposal, I would venture to suggest that, in approaching the French and Spanish Governments, it might be represented to them that they should adopt the proposal of M. Laure in regard to the Tangier–Fez Railway and that they, or at any rate the French Government, should no longer insist on the payment by the zone of the contribution of 500,000 fr. at present paid as its share of the service of the 1904 and 1910 loans, which M. Laure himself regards as excessive.

31. The announcement of such a contribution of 2 million francs, which would relieve the immediate needs of the situation, should be sufficient to induce the Assembly to vote the other measures proposed which ought to be enacted before the close of the present year.

32. M. Laure's report is to be examined by the Committee of Control at a meeting to be held on the 27th instant. It will, presumably, then be decided to communicate the report to the Administrator, with a recommendation that he will lay before the Assembly with the least possible delay the measures necessary to put into effect the proposals of M. Laure in regard to economies and new taxation, informing him at the same time that the Committee of Control will submit M. Laure's further recommendations for the consideration of their Governments.

I have, &c.
HUGH GURNEY.

[W 12225/13/28] No. 15.

Mr. Gurney to Sir John Simon.—(Received November 7.)

(No. 148.)

Sir, *Tangier, October 28, 1932.*

WITH reference to my despatch No. 144 of the 25th instant, I have the honour to report that the Committee of Control yesterday considered the report submitted by M. Laure in regard to the financial position of the zone.

2. I opened the discussion by reading the enclosed statement detailing the action which it appeared to me that the Committee of Control was called upon to take. My suggestions were adopted.

3. It will be recalled that M. Laure's proposals are divided into three parts:—

(1) Economies in personnel;
(2) New taxation; and
(3) Assistance from the Powers.

4. As regards the first two points, we sent for the Administrator and after communicating the report to him officially (he was already in possession of the text), we requested him to examine the proposals so far as they concerned the administrative staff and new taxation, and to let us know as soon as possible the financial results which could be expected from these measures in 1933, taking into account the fact that it is only proposed to suppress posts as they become vacant and that the new taxation will not become operative for some time. We also requested him to prepare the legislation necessary to put the proposals into effect so far as he finds it practicable to do so.

5. As regards the gendarmerie, we found that he did not entirely agree with M. Laure's proposal to the effect that the gendarmerie should take over the work of the fire brigade. We accordingly asked him to submit an alternative scheme providing for a similar economy, and also to prepare a detailed proposal to carry out M. Laure's suggestion for a reduction in the number of officers. The attitude of my Spanish colleague confirmed my belief that both proposals are likely to meet with opposition from his Government.

6. As regards the Customs, we asked the Administrator to ascertain from the head of the service whether he accepted M. Laure's proposals, and the precise amount of the economies which could be realised in the course of 1933. We at the same time asked the Spanish representative to ascertain whether his Government would consent to pay the salary of the "Interventor."

7. As regards the proposals for assistance from the Powers neither my French nor my Spanish colleague was in a position to make any statement as to the attitude of his Government. We could therefore do no more than request them to urge their Governments to let us know as soon as possible whether they accepted M. Laure's proposals. My French colleague told me privately after the meeting that he hoped that advantage would be taken of the forthcoming visit of M. Herriot to Madrid to endeavour to induce the Spanish Government to act with the French Government in this matter.

8. It will be seen that in the statement which I read out I reserved my attitude as regards the proposal for a contribution from the French and Spanish Zones towards the cost of construction of the port.

9. It was finally decided that, as it seems desirable to present these proposals to the Assembly as a whole, since they will certainly decline to vote new taxation unless some assistance is forthcoming from the Powers, it would be well to defer making a communication to them until the Committee of Control is in a position to inform them as to the attitude of the Powers towards the suggestions put forward by M. Laure, so far as they are concerned. We have agreed, however, to issue the communiqué of which I enclose a copy herein.

10. Copy of this despatch has been forwarded to His Majesty's consul-general at Rabat.

I have, &c.
HUGH GURNEY.

Enclosure 1 in No. 15.

Statement read at Committee of Control Meeting, October 27, 1932.

J'AI lu avec le plus grand intérêt et attention le rapport que M. Laure a bien voulu nous fournir.

Je tiens tout d'abord à m'associer aux paroles prononcées par notre président exprimant sa reconnaissance et celle du Comité de Contrôle envers le Gouvernement français pour sa bienveillance en mettant M. Laure à la disposition du Comité de Contrôle, et à M. Laure pour la façon dont il a accompli la tâche qui lui a été confiée.

Je constate que les propositions contenues dans ce rapport sont divisées en trois parties: (1) économies dans le personnel, (2) impôts nouveaux, et (3) collaboration financière des Puissances intéressées, et que M. Laure nous prie de les considérer comme un ensemble.

Les économies dans le personnel sont, à leur tour, divisées en trois catégories: (1) administration proprement dite, (2) gendarmerie, et (3) douanes. En ce qui concerne la première catégorie, le Comité de Contrôle n'est pas, à mon avis, compétent pour exprimer un avis, et il ne peut que soumettre les propositions de M. Laure à l'appréciation de l'Administrateur.

Quant aux propositions touchant la gendarmerie, M. Laure propose (*a*) que le corps de pompiers soit remplacé par un piquet de gendarmes, et (*b*) que le cadre des officiers soit réduit. En ce qui concerne le premier point, il est prévu au Statut et au Règlement de la Gendarmerie que son rôle est de maintenir l'ordre et de garantir la sécurité dans la zone, tandis que le cadre des officiers est fixé par le même règlement. Il me semble donc que ces propositions ne peuvent être réalisées qu'avec l'assentiment préalable du Comité de Contrôle et que celui-ci devrait les examiner en détail avant de prendre une décision sur la suite qu'on peut leur donner. Je rappellerais à ce propos que lorsque les effectifs ont été réduits à 150 hommes on a déjà prévu la réduction du cadre, et que la réalisation de cette réforme n'a été ajournée que jusqu'à ce que les officiers espagnols puissent être réintégrés à l'armée espagnole. Il est donc à espérer qu'il n'y aura pas de difficulté à réaliser l'économie dont il s'agit. Quant à la proposition relative au corps de pompiers, il importerait de connaître l'avis de l'Administrateur sur la praticabilité de sa réalisation.

En ce qui concerne la douane, le Comité de Contrôle a déjà prévu dans sa sentence arbitrale de l'année dernière des compressions supplémentaires pour l'année 1933, et il ne peut qu'accueillir toutes propositions dans ce sens. Il est, toutefois, à observer que Mr. Dicken a déjà prévu une réduction de 150,000 fr. et qu'il paraîtrait que la réduction envisagée par M. Laure ne représente qu'une augmentation de 60,000 fr. sur cette somme. Il est aussi à noter que M. Laure prévoit que les compressions ne seront réalisables qu'à mesure que des vacances se produisent et il ne nous donne pas une estimation des économies qui seront réalisables au cours de l'année 1933. Cette estimation sera sans doute faite dans le budget de la douane et il faudra attendre la présentation de ce budget pour que le Comité de Contrôle puisse se prononcer sur la proposition, c'est-à-dire pour déclarer si les économies proposées sont suffisantes par rapport à sa décision arbitrale.

M. Laure fait mention à ce propos du poste d' "Interventor." Ce poste a été prévu dans les lettres échangées entre le Gouvernement français et le Gouvernement espagnol en date du 7 février 1924. Il n'est pas statutaire et la zone n'a aucune obligation à payer ce fonctionnaire. M. Laure propose que le Gouvernement espagnol prenne son traitement à sa charge, et je pense que le Comité de Contrôle pourrait très bien prier le représentant de l'Espagne d'appuyer cette suggestion auprès de son Gouvernement.

En ce qui concerne les impôts proposés par M. Laure, le Comité de Contrôle n'est pas, à mon avis, appelé à s'exprimer là-dessus. Il ne peut que les recommander à l'étude de l'Administrateur, tout en faisant remarquer que le "tertib" et la patente sont tous les deux prévus par le statut.

Nous arrivons maintenant aux propositions de M. Laure relatives à la collaboration financière des Puissances. Il propose tout d'abord qu'on demande aux zones voisines de prendre à leur charge une partie du service des emprunts du port en faisant valoir que ce port est utile aux trois zones. Une suggestion

dans ce sens a déjà été faite par l'Administrateur, mais le Comité de Contrôle n'y a pas pris position, et j'hésiterais pour ma part à m'associer à une demande dans ce sens sans consulter mon Gouvernement au préalable. Toutefois, si nos collègues de France et d'Espagne veulent bien nous soumettre une proposition concrète de la part de leurs Gouvernements tendant à l'allégement des charges de la zone en ce qui concerne le port je serai heureux de la transmettre à mon Gouvernement.

M. Laure recommande ensuite que la charge incombant à Tanger pour l'annuité du Tanger–Fez Chemin de Fer soit ramenée à 700,000 fr. Le Comité de Contrôle a déjà appuyé une demande dans ce sens auprès des zones voisines. Nous ne pouvons donc que nous associer à la recommandation de M. Laure en priant nos collègues de France et d'Espagne encore une fois de faire de nouvelles et pressantes démarches auprès de leurs Gouvernements.

De même, le Comité de Contrôle a déjà exprimé le vœu que les Gouvernements français et espagnol continuent à verser leurs contributions de 500,000 fr. aux frais de la gendarmerie et il a fait des démarches auprès des autorités de la Zone espagnole en ce qui concerne l'abandon par cette zone de la taxe spéciale et une contribution aux frais de perception de la douane. Je proposerais donc que nous prions nos collègues de France et d'Espagne de faire ce qui dépend d'eux pour faire accepter ces propositions par leurs Gouvernements.

Finalement, M. Laure nous fait des suggestions pour le règlement de l'ensemble des questions d'ordre purement économique destiné à créer une atmosphère favorable et à permettre à Tanger de jouer le rôle de port d'escale et de ville de tourisme. Il fait mention de l'autorisation des jeux, la construction de la gare de la ville, l'admission de Tanger au nombre des ports admettant la sortie des marchandises contingentées, et l'unification des tarifs du chemin de fer. Aucune de ces questions n'est étrangère au Comité de Contrôle. Il les a toutes examinées à maintes reprises. Pour la question des jeux, nous n'avons pas pu réunir l'unanimité nécessaire, notre collègue d'Espagne s'y opposant; pour la construction de la gare de ville, nous attendons l'accord du Gouvernement espagnol; pour que Tanger soit admis au nombre des ports par lesquelles peuvent passer les marchandises contingentées il faut l'accord du Gouvernement français, et nous savons que cet accord a déjà été demandé par notre collègue de France; enfin, quant à l'unification des tarifs, nous venons de rappeler la question à l'attention de la direction de Meknès. Dans toutes ces questions ainsi que pour les autres précitées nous ne pouvons que prier de nouveau nos collègues d'Espagne et de France d'intervenir encore une fois.

Pour résumer ma pensée, je proposerais d'abord d'adresser nos remerciements au Gouvernement français, et à M. Laure;

2. De communiquer le rapport à M. l'Administrateur, préférablement séance tenante;

3. De prier M. Le Fur d'examiner les propositions de M. Laure en ce qui concerne une réduction du personnel de l'Administration proprement dite et les nouveaux impôts, et s'il les trouve acceptables d'étudier les mesures législatives propres à les mettre en exécution;

4. D'examiner avec M. Le Fur les propositions touchant la gendarmerie;

5. En ce qui concerne la douane, d'attendre la présentation du budget de la douane, tout en priant le représentant de l'Espagne de soumettre à son Gouvernement la proposition de M. Laure en ce qui concerne l'Interventor;

6. Enfin, pour ce qui regarde les propositions de M. Laure relatives à la collaboration financière des Puissances, de les transmettre à nos Gouvernements, en attirant leur attention sur l'urgence et la gravité de la situation et en leur rappelant les termes de la délibération du Comité de Contrôle en date du 6 mai.

Pour le moment, il me paraît qu'il n'y pas lieu de publier le rapport ni de le communiquer aux membres de l'Assemblée, étant donné que M. Laure nous prie de traiter ses propositions comme un ensemble et que nous ne sommes pas encore en mesure de nous prononcer sur celles qui visent nos Gouvernements.

On pourrait, toutefois, faire savoir au public que le rapport a été reçu, que le Comité de Contrôle l'a examiné et qu'il espère être bientôt en mesure de faire connaître l'attitude des Gouvernements qu'il représente sur les propositions de M. Laure en tant qu'elles les regardent, afin qu'il puisse être en mesure de faire présenter à l'Assemblée un ensemble de mesures aptes à redresser la situation budgétaire.

Enclosure 2 in No. 15.

Communiqué à la Presse.

COMITÉ DE CONTRÔLE.

LE Comité de Contrôle s'est réuni le 27 octobre, sous la présidence du Prince Réginald de Croy.

Cette séance a été consacrée à l'examen du rapport sur la situation économique et financière de Tanger, qui lui a été fourni par M. Laure, l'éminent inspecteur des finances mis à sa disposition par le Gouvernement français.

Ce document prévoit: d'une part, des compressions et des mesures fiscales dont l'examen a été confié à l'Administration de la Zone; d'autre part, certains allégements de charges obligatoires, pour lesquels le Comité a sollicité une décision bienveillante des Gouvernements intéressés.

[W 12433/12433/28] No. 16.

Mr. Gurney to Sir John Simon.—(*Received November* 11.)

(No. 149.)

Tangier, October 31, 1932.

Sir,

I RECENTLY requested his Excellency the Governor and Commander-in-chief of Gibraltar to authorise Major Custance, the officer attached to me under article 3 of the Tangier Convention, to pay a visit to Tangier. This officer has not been here since June 1929 (see my despatch No. 126 of the 27th June, 1929), and, although I have had no reason to suppose that the terms of that article are not being strictly fulfilled by the International Administration, it seemed to me desirable to have an inspection carried out. I was also anxious to obtain a report on the present organisation of the gendarmerie with a view to ascertaining whether the reduction in the numbers of the force has affected its ability to perform the duties entrusted to it.

2. Major Custance was at Tangier from the 21st to the 25th instant, and I have the honour to enclose a copy of his report.

I have, &c.

HUGH GURNEY.

Enclosure in No. 16.

Major Custance to Mr. Gurney.

(Secret.)

Town Range, Gibraltar, October 26, 1932.

Sir,

I HAVE the honour to report that, in accordance with instructions received from his Excellency the Governor and Commander-in-chief, Gibraltar, I proceeded to Tangier on the 21st October, 1932, returning to Gibraltar on the 25th October.

I visited the office of the Inspector-General of Security. The staff of this office consists of Colonel Puij, a Spaniard in charge, with a French captain, Captain Lebrun, as second in command, and a Spanish Lieutenant Armada, as assistant. Colonel Puij impressed on me the fact that the whole of the Tangier Zone was quite peaceful, but stated that they had been unable to discover who was responsible for the three small bombs discovered about three months previously. From what I could gather, however, Colonel Puij keeps Captain Lebrun very much in the dark as regards what is going on, which would hardly appear to be in accordance with the intention of article 10 of the Tangier Convention. The office depends largely for its information on keeping liaison with officers in the Spanish and French Zones.

I also visited the gendarmerie, which has now been considerably reduced, and now totals 150 men, fifty horses and five mules. The commandant, a Spaniard named Miguel, has his principal office in the town, but the barracks are about 1½ miles outside.

Having gathered that, with a view to economy, proposals had been made for a reduction in the number of officers, and that the gendarmerie should take over the fire engine, I discussed these points with him, and he was most emphatic that he did not consider any reduction in the number of six officers possible. He pointed out that the gendarmerie were organised on a military basis, and were still divided into four companies, two companies to each half of the zone, a Spaniard and a Frenchman commanding a company in each half-zone. Further, he pointed out that these officers were continually being required to attend the different courts of justice, and that, if they were reduced in numbers, the efficiency of the force would suffer. On the subject of the fire engine he was equally determined; he pointed out that, now the strength of the gendarmerie has been so reduced, he had only enough men to provide the numerous patrols necessary for the zone, and clinched his argument by stating that the gendarmerie had been formed on the model of the French gendarmerie and Spanish guardia civile, and in neither of these was it considered part of their duty to act as firemen.

I was allowed to see the records of duties, &c., performed by the gendarmerie, and these appeared to be well kept and showed that regular patrolling was taking place.

I was shown round the barracks, and consider that a tremendous improvement to their amenities has taken place, which reflects very favourably on Commandant Miguel.

The spare rifles of the men disbanded are still retained, and I found in store 160 carbines and 200 Mauser rifles, together with 15,000 carbine ammunition and 34,500 rounds of Mauser. The spare rifles in excess of the requirements of the gendarmerie could, of course, be made available for the use of the European community in case of necessity. I was informed, however, that the gendarmerie do not have any musketry practice, and therefore the question of turnover of the ammunition should be taken into consideration, as in Gibraltar ammunition aged over ten years is suspect and is not retained.

It appears that the idea of the Spanish and French tabors is still retained, as there are two doctors and two veterinary surgeons, French and Spanish respectively, in each case. They are not, of course, resident, but presumably all draw emoluments, and this might possibly be an avenue by which an economy might be effected. I was also informed that the number of horses is to be increased to eighty, and that thirty remounts are being purchased in France.

I consider that the Corps of Gendarmerie appears to be carrying out its duties in a satisfactory manner, and is of sufficient strength to maintain law and order in the zone. My visit and enquiries did not bring to light any non-observance of the military obligations set out in article 3 of the Tangier Convention.

I have, &c.
N. CUSTANCE, *Major, R.A.S.C.*

[**W 12434/13/28**] No. 17.

Mr. Gurney to Sir John Simon.—(Received November 11.)

(No. 150.)
Sir, *Tangier, November* 2, 1932.

WITH reference to my despatch No. 148 of the 28th October, I have the honour to report that the budget for 1933 was duly laid before the Legislative Assembly on the 31st ultimo. I enclose herein a summary of its provisions as compared with those of the budget for 1932 as finally adopted. I also enclose a copy of the statement made by Mr. Dicken, Director of Finance, in introducing the budget.

2. It will be seen that it provides for a total expenditure of 22,270,984 fr. as compared with 22,447,491 for 1932, and a revenue of 18,969,500 fr. as compared with 22,460,000 for 1932, leaving a deficit of 3,301,484 fr. as compared with a surplus of 12,509 fr. anticipated for 1932.

3. In making his statement, Mr. Dicken was careful to describe his budget as an "avant-projet" only, in view of the fact that, until he knows what reply the Powers will return to the requests which have been addressed to them for assistance, it is not possible for him to form any definite estimate either of receipts or of expenditure.

4. As he points out, the deficit arises from the fact that, on the basis of the experience of the first nine months of this year, receipts are expected to show a decrease of 3,490,500 fr., whilst the expenditure in connexion with statutory charges will next year show an increase of 752,200 fr. over the estimates for this year. This increase arises mainly from an advance of 100,000 fr. in the charges for the Tangier–Fez Railway as estimated by the company, and an increase in the Port Loan charges amounting to 650,000 fr. The latter is due to the fact that the whole of the second Port Loan will shortly have been received. It will bring the total of the Port Loan charges for the year 1933 to 4,450,000 fr., or nearly one-quarter of the revenue.

5. To set against this, Mr. Dicken budgets for a reduction in administrative expenditure amounting to 918,707 fr. Of this sum, 262,000 fr. will be realised by the suspension of the leave allowance granted to officials, whilst economies will also be realised by the suppression of a number of posts which was voted earlier this year. Mr. Dicken also reckons on a saving of 240,000 fr. in respect to the gendarmerie. The realisation of this economy is, however, contingent on the French and Spanish Governments agreeing to continue their present contribution of 500,000 fr. a year each to the cost of this force. He also budgets for a reduction of a little over 100,000 fr. in the cost of the Customs. A customs budget has not yet been submitted, but it is to be hoped that, as a result of the representations made by M. Laure, the expert who recently investigated the finances of the zone, at least this saving will be effected.

6. Amongst receipts, Mr. Dicken includes a sum of 50,000 fr. which he hopes to obtain from the recently instituted system of taxation of hotel registrations, and a sum of 250,000 fr. which may be derived from lotteries as a result of a Bill now before the Assembly.

7. As you are aware, M. Laure has made certain proposals for further economies in the Administration and the institution of new taxation, and it is to be hoped that it will be found possible to realise some additional reduction in expenditure as well as a substantial increase in revenue as a result of the adoption of his proposals. He realised, however, as I have had the honour to report, that this will not suffice to fill the deficit, and that some assistance will be required from the Powers.

8. The Assembly, as usual, merely referred the budget without comment to the Finance Commission for examination. The budget has also been communicated to the Committee of Control, as required by article 53 of the Organic Dahir This article also requires that "En cas de dépassement ou toute autre difficulté, il" (the Committee of Control) "renvoie le projet de budget à l'Assemblée, en l'invitant à le mettre en équilibre." The Committee of Control will no doubt call the attention of the Administrator to this provision and ask him to examine with the Finance Commission of the Assembly the proposals of M. Laure in regard to economies and new taxation, whilst informing them that the Committee of Control are consulting the Powers as to the nature of the assistance which they are prepared to render to the zone.

9. Copy of this despatch has been forwarded to His Majesty's consul-general at Rabat.

I have, &c.
HUGH GURNEY.

Enclosure 1 in No. 17.

Tangier, "Avant-Projet de Budget," 1933.

SUMMARY OF PROVISIONS.

1. *General Receipts.*

	1932.	1933.	Increase.	Decrease.
	Fr.	Fr.	Fr.	Fr.
Direct taxes—				
Tax urbaine	2,100,000	1,760,000	...	340,000
Indirect taxes—				
Customs	7,350,000	5,752,000	...	1,598,000
Taxe spéciale	2,440,000	1,718,000	...	722,000
Consumption duties ...	2,531,000	2,034,000	...	497,000
Registration and stamp duties	1,470,000	1,550,000	80,000	...
Tobacco tax	560,000	500,000	...	60,000
Tax on Treasury payments	200,000	120,000	...	80,000
Domains	120,000	110,000	...	10,000
Monopolies, &c.	1,885,000	1,440,000	...	445,000
Miscellaneous	1,452,000	1,361,000	...	91,000
	20,108,000	16,345,000	...	3,763,000

2. *Municipal Receipts.*

Direct taxes—				
Tax on vehicles ...	300,000	300,000	...	...
Indirect taxes—				
Gate tax	610,000	640,000	30,000	...
Market tax	825,000	830,000	5,000	...
Miscellaneous	617,000	854,500	237,500	...
	2,352,000	2,624,500	272,500	...
Total receipts ...	22,460,000	18,969,500	...	3,490,500

3. *General Expenditure.*

	1932.	1933.	Increase.	Decrease.
	Fr.	Fr.	Fr.	Fr.
Loan services—				
Share of service of 1904 and 1910 Loans ...	500,000	500,000	...	...
Tangier–Fez Railway ...	1,450,000	1,550,000	100,000	...
Port Loans	3,800,000	4,450,000	650,000	...
Caisse de Prévoyance ...	188,000	190,200	2,200	...
Committee of Control ...	15,000	15,000	...	...
Department of Justice and Prisons	244,200	234,200	...	10,000
Mixed Court	1,015,625	1,012,000	...	3,625
Legislative Assembly ...	189,000	189,000	...	...
General Administration ...	770,750	750,750	...	20,000
Native Administration ...	140,000	140,000	...	...
Gendarmerie	1,000,000	760,000	...	240,000
Department of Finance ...	1,755,425	1,683,560	...	71,865
Customs	2,208,926	2,100,000	...	108,926
State Public Works ...	1,104,650	1,041,250	...	63,400
Miscellaneous	843,086	664,000	...	179,086
	15,224,662	15,279,960	55,298	...

4. *Municipal Expenditure.*

Department of Public Health and Relief ...	1,222,125	1,160,875	...	61,250
Municipal Public Works ...	3,899,679	3,716,875	...	172,804
Municipal Police ...	2,001,025	2,013,274	12,249	...
Contingencies	100,000	100,000	...	...
	7,222,829	6,991,024	...	231,805
Total expenditure ...	22,447,491	22,270,984	...	176,507
Total receipts ...	22,460,000	18,969,500	...	3,490,500
Balance ...	+ 12,509	−3,301,484	...	...

Enclosure 2 in No. 17.

Statement made by Mr. Dicken when introducing the Budget for 1933.

EN tout premier lieu, je désire expliquer que les bases de nos études pour la préparation de l'avant-projet de budget que nous vous soumettons actuellement ont été les considérations d'ensemble déjà exposées dans le rapport que nous avons transmis au Bureau de l'Assemblée en juin passé. Cet avant-projet donc que nous avons préparé en cours du mois d'octobre correspond aux idées mises en avant dans ledit rapport.

L'avant-projet comporte un déficit de 3,301,484 fr. Ceci provient du fait :

Que les recettes sont inférieures de 3,490,500 à celles prévues pour 1932;

Que les dépenses obligatoires sont portées de 5,938,000 à 6,690,200, mais que, par contre, les autres dépenses sont réduites de 16,509,491 à 15,580,784, soit une économie de 918,707 fr.

Ces économies proviennent notamment de la suspension de l'indemnité de congé pour 1933, ce qui donne une économie de 262,000 fr. sur le budget de 1932.

De plus, sur les dix-huit postes d'un total de 371,375 fr. dont l'amortissement a été décidé par la loi du 30 janvier 1932 au fur et à mesure des vacances, onze ont été amortis pour une somme de 223,625 fr. Il reste donc sept autres postes seulement à amortir.

En comptant sur les Gouvernements français et espagnol pour la contribution de 500,000 fr. chacun pour la gendarmerie, c'est seulement en 1933 que nous aurons vraiment l'économie résultant de la réduction de l'effectif à 150 hommes, ce qui nous permet de réduire le crédit " Gendarmerie " à 760,000 fr. seulement.

Sachant qu'il y aura des économies à prévoir sur le Budget de Service de la Douane et malgré que nous n'ayons pas encore reçu les propositions budgétaires de ce service, nous avons prévu d'ores et déjà une économie appréciable, tout en espérant que, dès que nous aurons les propositions, nous pourrons réaliser, peut-être, une économie supérieure au cours des discussions sur le budget.

Les estimations des recettes ont été faites sur les résultats réels des neuf premiers mois de 1932, mais en se tenant toujours du côté pessimiste et en ne comptant pas la taxe spéciale de 2½ pour cent qui est toujours en discussion entre nous et la Zone espagnole.

La taxe sur les fiches d'hôtel, en vigueur depuis le 1er octobre 1932, figure pour 50,000 fr., et nous avons prévu 250,000 fr. de revenu, par anticipation, sur une Loterie Tangéro actuellement soumise à l'Assemblée. Cette somme n'est insérée qu'à titre indicatif; il se peut qu'une estimation plus exacte puisse être faite avant le vote définitif du budget.

Cet avant-projet ayant été établi sur les bases indiquées dans le repport de juin 1932, nous n'avons pas jugé utile d'y faire figurer des recettes pour de nouvelles taxes.

Nous avons, pour en indiquer la nécessité, porté dans les dépenses la rubrique Travaux neufs à titre de mémoire.

Nous avons laissé la balance en déficit en attendant que les Puissances donnent leur réponse aux réclamations de l'Assemblée au sujet de la situation financière alarmante de la zone.

En terminant, je tiens à signaler un changement dans la forme de présentation du budget. Jusqu'ici, nos budgets ont été divisés en chapitres, articles, paragraphes et même quelquefois en sous-paragraphes *a*, *b*, *c*.

Dans la présentation actuelle, il ne reste plus que des chapitres, et des articles. Nous croyons apporter ainsi plus de clarté au budget.

Tanger, le 31 *octobre* 1932.

[**W 12701/9661/28**] No. 18.

Memorandum respecting the Treaty Provisions applicable to Tangier in the Matter of Adjudications.

(Enclosure in Tangier despatch No. 152 of November 5; Received in Foreign Office, November 18, 1932.)

THE fundamental provisions in regard to adjudication applicable to Morocco as a whole are contained in the Act of Algeciras of the 7th April, 1906. In articles 74 and 111 of this treaty it is laid down that the principle of adjudication must be applied " sans exception de nationalité " in the case of any concessions which may be granted as regards opium, kif, tobacco and the exploitation of cork forests. The main provisions are, however, contained in articles 105 to 111. Copy of these articles is attached (Annex I).

2. They provide that, in the event of any concessions being granted for the exploitation of " public services or the execution of public works," as well as in the case of concessions for State supplies (" fournitures d'Etat "), the principle of public adjudication without distinction of nationality must be applied in respect of all materials to which this principle is generally applicable.

3. As required by article 110, regulations in regard to adjudications in general, and those effected in connexion with the " Fonds de la Caisse spéciale " in particular, were elaborated in 1908 in agreement between the Diplomatic Body and the Shereefian Government.

4. The " Caisse spéciale " was established to deal with the funds provided by the special tax of 2½ per cent. *ad valorem* levied on all goods imported into Morocco under the provisions of article 66 of the Act of Algeciras for the purpose of forming a special fund for the execution of public works " intended for the development of navigation and commerce in general in the Shereefian Empire."

5. These regulations applied to all public works executed under articles 61, 74 and 105 to 109 of the Act of Algeciras, that is to say, to those carried out for " the improvement and maintenance of cities " (article 61), in connexion with the Tobacco Monopoly (article 74), or in connexion with the concessions, supplies and works enumerated above. They provide very stringent and precise instructions as to how such adjudications are to be carried out, and are based on the principle of the maintenance of complete economic equality between persons of all nationalities.

6. The privileges secured under the Act of Algeciras were modified as regards certain Powers by the terms of the Franco-German Agreement of the 4th November, 1911. His Majesty's Government adhered to this agreement, but the United States Government, which was a party to the Act of Algeciras, has never accepted it. This agreement provides in article 6, copy of which is attached (Annex II), that the French Government will see to it that works and supplies required for the construction of roads, railways, ports, telegraphs, &c., will be granted in accordance with the rules of adjudication, and that such rules will not place the nationals of any Power in a position of inferiority. It goes on to provide, however, that the exploitation of such " grandes entreprises " as those above mentioned may be " librement concédées à des tiers " by the Moroccan Government. It is considered that this clause applies only to the grant of a concession for exploitation, whilst the principle of adjudication must still be applied as regards the construction of the works and the supply of the materials required for this construction. For the reasons given in the following paragraph it appears that the Franco-German Agreement of 1911 no longer applies in the Tangier Zone, or, alternatively, it only applies in the Tangier Zone to the extent that it is not in conflict with the Act of Algeciras.

7. Article 7 of the Tangier Convention lays down the principle of respect for treaties and of economic equality, and provides that the Tangier Zone shall

respect all treaties in force. Article 8 makes applicable to the Tangier Zone " international agreements to which *all* the Powers signatories of the Act of Algeciras are parties " (compare article 11 of the Organic Dahir annexed to the Tangier Convention). Consequently, this agreement of 1911 is not covered by article 8 and is not made applicable in Tangier by article 8 of the Tangier Convention, because all the parties to the Act of Algeciras have not accepted it. On the other hand, it may be contended that article 8 (and article 11 of the Organic Dahir) only apply to future treaties, and that this agreement is covered by article 7. Even so, however, this agreement cannot override the rights of parties to the Act of Algeciras which have not acceded to it. A protest against the grant without adjudication was made in the case of a concession for the supply of electric light in the Tangier Zone. Its validity was admitted by the Committee of Control, who laid down the principle that " Les concessions à Tanger doivent être accordées suivant le système de l'adjudication publique " (letter to Administrator, approved the 24th March, 1931).

8. The provisions (contained in articles 49 to 58) of the " Dahir portant Règlement sur la Comptabilité publique " of the 15th May, 1925, which was issued under the provisions of article 32 of the convention, are intended to replace in the zone the provisions of the regulations (referred to in paragraph 3 above) made under article 110 of the Act of Algeciras. A copy of these articles is attached (Annex III). Under them all contracts for the supply of materials, transport and works must be put up to tender with certain exceptions, whilst in the case of public works executed by the Administration itself, the supply of material necessary for their execution must equally be put up to tender.

9. The exceptions are permitted in the case of—

(1) Supplies, transport and works the value of which does not exceed 30,000 fr., or, in the case of a contract extending over several years, where the annual cost does not exceed 7,500 fr.
(2) Supplies, works and transport carried out by the Administration.
(3) The purchase of patent articles or proprietory articles.
(4) Works and articles of an artistic or technical nature, the manufacture of which can only be entrusted to artists and manufacturers of proved capacity.
(5) Exploitations, manufactures and supplies of an experimental nature.
(6) Articles of a special nature which must be purchased and selected at the place of manufacture.
(7) Where no acceptable offer has been forthcoming in response to a call for tenders.
(8) In case of unforeseen urgency.
(9) For supplies, transport and works carried out by the Administration in the place of a defaulting contractor and at his risk and peril.
(10) For orders to be placed with a firm which already holds a contract where there is advantage to the zone in not employing a new contractor.

All such exceptions must be officially certified and supported by explanations.

10. It is further laid down that public adjudications in respect to works, exploitations or manufactures which cannot without disadvantage be put up to unrestricted tender, may be made subject to restrictions which only admit to tender persons of recognised capacity and able to produce the certificates specified in the " cahier des charges." This form of adjudication must be equally public, but it permits of a preliminary elimination of candidates.

Similarly, the Administration may, instead of submitting a complete scheme, confine itself to laying down the general lines of its programme, leaving it to competitors to submit detailed proposals with estimates of cost.

11. Nothing is said in this dahir about economic equality, but such equality is guaranteed by article 7 of the statute, which lays down that—

" Economic equality among nations resulting from such treaties (*i.e.*, all treaties in force) shall continue to be observed in the Tangier Zone even if such treaties are subsequently abrogated or modified."

Compare also article 30 (5) of the statute, and article 11 (3) of Organic Dahir :—

" En cas de désaccord entre les stipulations desdits traités et les lois et règlements établis par l'Assemblée législative internationale, les stipulations des traités prévaudront."

The provisions of the Act of Algeciras could accordingly be invoked should the principle laid down in it in regard to economic equality be infringed by the Tangier Administration, and in particular if the conditions of tender were such as to place the nationals of any one Power at a disadvantage as compared with the nationals of another Power. Further, in so far as the exceptions in the dahir of 1925 (see paragraph 9 above) could be said to be in conflict with the principles of the Act of Algeciras, presumably it could be contended that the Act of Algeciras prevails (article 11 (3) of the Organic Dahir).

12. Special provisions in regard to the port are contained in article 41 of the Tangier Convention, which lays down that—

> "Contracts for the supply of imported materials as well as plant (with the exception of any supplies or purchases of material subject to a contract awarded after public tender) shall be put up to competition under the control of the Port Commission.
>
> "In the case of supplies of a cost exceeding 20,000 fr., but not exceeding 100,000 fr., the commission shall: (1) Prescribe the manner in which the contract is to be concluded and also the conditions under which either the call for tenders with a view to purchases by agreement, or the contract awarded after public tender shall be effected; (2) approve contracts and decisions regarding tenders. In the case of supplies of a cost exceeding 100,000 fr. the procedure shall be by public tender."

Rules for adjudications made in accordance with the above provisions were drawn up by the Port Commission in 1932.

Annex I.

International Conference at Algeciras, April 7, 1906.

Chapter VI.—*Declaration relative to the Public Services and Public Works.*

Article 105.

WITH a view to ensure the application of the principle of economic liberty without inequality, the signatory Powers declare that in no case shall the rights of the State over the public services of the Shereefian Empire be alienated for the benefit of private interests.

Article 106.

Should the Shereefian Government consider it necessary to have recourse to foreign capital or to foreign industries for the working of public services or for the execution of public works, roads, railways, ports, telegraphs, or other, the signatory Powers reserve to themselves the right to see that the control of the State over such large undertakings of public interest remain intact.

Article 107.

The validity of such concessions as may be granted for the purposes specified in article 106, or for furnishing supplies to the State, shall, throughout the Shereefian Empire, be subject to the principle of public awards on tenders, without respect of nationality, as regards all matters which, by the rules observed under the laws of foreign countries, admit of the application of that principle.

Article 108.

So soon as it shall have been decided to proceed to the execution of particular public works by calling for tenders, the Shereefian Government shall notify such decision to the Diplomatic Body, to which it shall, in due course, communicate the plans, specifications, and all documents annexed to the call for tenders, so that the nationals of all the signatory Powers may obtain information respecting the projected works, and be in a position to compete for them. A sufficient time limit shall be fixed for this purpose in the call for tenders.

Article 109.

The specifications shall not contain, either explicitly or implicitly, any condition or provision of a nature to violate the principle of free competition, or to place the competitors of one nationality at a disadvantage as against the competitors of another.

Article 110.

The contracts shall be made in the form and according to the general conditions prescribed by regulations to be drawn up by the Shereefian Government, with the assistance of the Diplomatic Body. The contract shall be awarded by the Shereefian Government to the person or persons who, while complying with the terms of the specifications, shall have submitted the most generally advantageous offer.

Article 111.

The rules laid down in articles 106 to 110 shall be applied to concessions for the working of cork-tree forests, in accordance with the laws governing this matter in the respective foreign countries.

Annex II.

Convention between France and Germany respecting Morocco.—Signed at Berlin, November 4, 1911.

* * * * * *

6. Le Gouvernement de la République française s'engage à veiller à ce que les travaux et fournitures nécessités par les concessions éventuelles de routes, chemins de fer, ports, télégraphes, &c., soient octroyés par le Gouvernement marocain suivant les règles de l'adjudication.

Il s'engage également à veiller à ce que les conditions des adjudications, particulièrement en ce qui concerne les fournitures de matériel et les délais impartis pour soumissionner, ne placent les ressortissants d'aucune Puissance dans une situation d'infériorité.

L'exploitation des grandes entreprises mentionnées ci-dessus sera réservée à l'État marocain ou librement concédée par lui à des tiers qui pourront être chargés de fournir les fonds nécessaires à cet effet. Le Gouvernement français veillera à ce que, dans l'exploitation des chemins de fer et autres moyens de transport comme dans l'application des règlements destinés à assurer celle-ci, aucune différence de traitement ne soit faite entre les ressortissants des diverses Puissances qui useraient de ces moyens de transport.

Le Gouvernement de la République usera de son influence sur la Banque d'État afin que celle-ci confère à tour de rôle aux membres de sa direction à Tanger le poste dont elle dispose de délégué à la Commission générale des Adjudications et Marchés.

De même, le Gouvernement français s'emploiera auprès du Gouvernement marocain pour que, durant la période où restera en vigueur l'article 66 de l'Acte d'Algésiras, il confie à un ressortissant d'une des Puissances représentées au Maroc un des trois postes de délégué chérifien au Comité spécial des Travaux publics.

* * * * * *

Annex III.

Dahir du 15 Mai 1925 (21 Choual 1343) portant Règlement sur la Comptabilité publique de la Zone de Tanger.

Article 49.

(*Recours obligatoire à la Concurrence.*)

Toutes les entreprises de fournitures, transports ou travaux doivent être faites avec concurrence et publicité, sauf les exceptions ci-après. En cas de travaux exécutés en régie par l'administration, cette règle s'applique à la fourniture des matériaux nécessaires à leur exécution.

ARTICLE 50.

(*Marché de gré à gré.*)

Il peut être passé des marchés de gré à gré :

1. Pour les fournitures, transports, ou travaux dont la dépense totale n'excède pas 30,000 fr. ou s'il s'agit d'un marché passé pour plusieurs années, dont la dépense annuelle n'excède pas 7,500 fr.;
2. Pour toute espèce de fournitures, transports ou travaux faits par des administrations publiques;
3. Pour l'achat des objets dont la fabrication est réservée à des porteurs de brevets d'invention, ou qui n'ont qu'un possesseur unique;
4. Pour les ouvrages et les achats d'objets d'art ou de précision dont l'exécution ne peut être confiée qu'à des artistes ou industriels éprouvés;
5. Pour les exploitations, fabrications et fournitures qui ne seraient faites qu'à titre d'essai;
6. Pour les objets, matières et denrées qui, à raison de leur nature, ou de la spécialité de l'emploi auquel ils sont destinés, doivent être achetés et choisis au lieu de production ou de fabrication;
7. Pour les fournitures, transports et travaux qui n'ont fait l'objet d'aucune offre aux adjudications, ou à l'égard desquels il n'a été proposé que des prix inacceptables, sans toutefois que l'administration puisse dépasser le maximum des prix qu'elle aurait fait connaître lors de l'adjudication;
8. Sur autorisation spéciale de l'administrateur, pour les fournitures, transports ou travaux qui, dans les cas d'urgence, amenés par des circonstances imprévues, ne peuvent subir les délais d'adjudication sans qu'il en résulte un préjudice certain pour la zone;
9. Pour les fournitures, transports et travaux que l'administration doit faire exécuter à la place des adjudicataires défaillants et à leurs risques et périls;
10. Pour les fournitures, transports et travaux à confier à un entrepreneur déjà adjudicataire d'un lot, s'il y a intérêt, au point de vue de la rapidité de l'exécution ou de la bonne marche des travaux, à ne pas introduire un nouvel entrepreneur sur les chantiers, et à condition :

(*a*) Que le marché en question, imprévu au moment de l'adjudication, soit l'accessoire du lot adjugé, et ne dépasse pas le cinquième de ce lot;
(*b*) Que le marché doive être exécuté dans les chantiers au moyen d'un matériel déjà utilisé par l'entrepreneur du lot d'adjudication.

Toutes ces dérogations au principe de l'adjudication doivent donner lieu à l'établissement de certificats visés par l'ordonnateur visant celui des chefs d'exception qui justifie la passation du marché de gré à gré. Ces certificats sont joints au premier mandat de paiement.

ARTICLE 51.

(*Forme des Marchés de gré à gré.*)

Les marchés de gré à gré sont conclus :

1. Soit sur un engagement souscrit à la suite d'un cahier des charges;
2. Soit sur une soumission souscrite par celui qui a proposé de traiter;
3. Soit sur une correspondance, suivant les usages du commerce.

Il n'est pas exigé de marché écrit pour les achats, transports et travaux dont le montant total ne dépasse pas 5,000 fr. Ces achats, transports ou travaux peuvent être faits sur simple facture ou sur simple mémoire.

ARTICLE 52.

(*Interdiction des Marchés fractionnés.*)

Tout fractionnement de dépense par lequel un chef de service tenterait d'éluder l'obligation de l'adjudication ou du marché écrit est interdit.

ARTICLE 53.

(*Compétence pour la Passation des Marchés.*)

Les chefs de service, tels qu'ils sont désignés à l'article 48 ci-dessus, peuvent conclure, à titre définitif, les marchés spécifiés à l'article 50, paragraphes 1 à 10 inclusivement, dont le montant total n'excéderait pas 15,000 fr. ou le montant annuel de 3,500 fr. Au delà de ces sommes, que les marchés soient passés de gré à gré ou sur adjudication, ils ne sont définitifs qu'après approbation de l'administrateur.

ARTICLE 54.

(*Adjudications.*)

Les adjudications publiques relatives à des travaux, à des exploitations ou à des fabrications qui ne pourraient sans inconvénient être livrées à la concurrence illimitée, peuvent être soumises à des restrictions qui n'admettent à concourir que des personnes reconnues capables et produisant les titres justificatifs exigés par les cahiers des charges.

Cette forme d'adjudication comporte la même publicité que l'adjudication ouverte, mais permet une élimination préalable parmi les candidats.

Il peut être procédé aussi par voie de concours. Dans ce cas, l'administration, au lieu de présenter un projet complet dont l'entrepreneur n'a qu'à assurer l'exécution, se borne à tracer un programme en laissant aux concurrents le soin d'étudier et de présenter les solutions techniques qu'ils jugeraient utiles, ainsi que les conditions de prix moyennant lesquelles ils s'engagent à les réaliser.

ARTICLE 55.

(*Cahier des Charges.*)

Les cahiers des charges déterminent la nature et l'importance des garanties que les fournisseurs ou entrepreneurs ont à produire, soit pour être admis aux adjudications, soit pour répondre de l'exécution de leurs engagements. Ils règlent aussi l'action que l'administration pourra exercer sur ces garanties en cas d'inexécution des engagements. Il doit y être stipulé que tous les ouvrages exécutés par les entrepreneurs en dehors des autorisations régulières demeurent à la charge personnelle de ces derniers, sans répétition contre la zone.

L'avis des adjudications à passer est publié, sauf le cas d'urgence amené par des circonstances imprévues, un mois à l'avance par la voie des affiches et par tous les moyens ordinaires de publicité. Cet avis fait connaître le lieu où on peut prendre connaissance du cahier des charges, les autorités chargées de procéder à l'adjudication, le lieu, le jour et l'heure de l'adjudication.

ARTICLE 56.

(*Procédure des Adjudications.*)

Les adjudications doivent être passées par une commission présidée par le directeur des finances et dont fait partie le receveur.

Un maximum de prix ou un minimum de rabais fixé par le chef de service qui procède à l'adjudication est déposé sous pli cacheté sur le bureau, à l'ouverture de la séance. Les soumissions sont remises cachetées en séance publique. En cas d'adjudication restreinte, après que les titres des concurrents ont été examinés en comité secret, il est donné lecture de la liste alphabétique de ceux qui sont admis à concourir. Les soumissions des autres ne sont pas ouvertes.

Dans le cas où le prix le plus avantageux est offert en même temps par plusieurs soumissionnaires, il est procédé séance tenante, avant l'ouverture du pli cacheté, à une nouvelle adjudication entre ces soumissionnaires, sur de nouvelles soumissions.

Lorsqu'aucune soumission ne se trouve dans la limite du maximum de prix ou du minimum de rabais, il peut être procédé séance tenante à une nouvelle adjudication entre les soumissionnaires présents, qui sont admis, à cet effet, à présenter par écrit des rebais sur leurs premières soumissions.

Les résultats de chaque adjudication sont constatés par un procès-verbal relatant toutes les circonstances de l'opération. Ce procès-verbal peut être signé par toutes les personnes présentes ayant pris part à l'adjudication.

ARTICLE 57.

(*Cautionnements.*)

Les cautionnements exigés par les cahiers des charges, soit pour l'admission à l'adjudication, soit pour la garantie des engagements des adjudicataires, sont versés à la Banque d'Etat du Maroc.

Ils sont constitués soit en numéraire versé sans intérêts, soit en valeurs au porteur; rentes marocaines ou rentes sur l'Etat des Puissances signataires de l'Acte général d'Algésiras, l'Allemagne et l'Autriche-Hongrie exceptées. Les intérêts produits par ces titres bénéficient aux titulaires des cautionnements.

La valeur en capital des titres à affecter à des cautionnements est calculée d'après le cours de bourse du pays où ils ont été émis, compte tenu du change; pour les cautionnements provisoires, au cours moyen de la veille du dépôt; pour les cautionnements définitifs, au cours moyen du jour de l'adjudication. Quand le cours des titres est supérieur à leur valeur nominale, ils ne sont acceptés que pour leur valeur au pair.

La prise en charge du cautionnement définitif a lieu sur déclaration nouvelle de l'adjudicataire, après décharge du cautionnement provisoire.

Après la réalisation d'un cautionnement il ne peut être apporté aucun changement à sa composition, sauf en cas de remboursement de titres. Dans ce cas, le cautionnement peut être reconstitué en titres de même nature ou complété par le dépôt de la somme remboursée.

Les oppositions sur les cautionnements provisoires ou définitifs doivent avoir lieu entre les mains de la Banque d'Etat. Toutes autres oppositions sont nulles et non avenues.

La banque restitue les cautionnements provisoires au vu de la main-levée donnée par le fonctionnaire qui a présidé l'adjudication, ou d'office, aussitôt après la réalisation du cautionnement définitif de l'adjudicataire.

Les cautionnements définitifs ne peuvent être restitués en totalité ou en partie qu'en vertu d'une main-levée donnée par le directeur des finances sur la proposition du chef de service pour le compte duquel a été faite l'adjudication.

Sont acquis au Trésor les cautionnements provisoires des soumissionnaires qui, déclarés adjudicataires, n'ont pas réalisé leur cautionnement définitif dans les délais fixés par les cahiers des charges. Le reversement au Trésor en est poursuivi, en vertu d'un état de liquidation dressé par le receveur, approuvé par le directeur des finances et visé par l'administrateur. Il en est de même pour les cautionnements définitifs qui devraient être appliqués en totalité ou en partie à l'extinction de débets constatés par les services compétents.

ARTICLE 58.

(*Acomptes.*)

Aucun marché, aucune convention pour travaux et fournitures, ne doit stipuler d'acomptes que pour un service fait. Les acomptes ne doivent, en aucun cas, excéder les cinq sixièmes des droits constatés sur pièce régulière présentant le décompte, en quantités et en deniers, des services faits, à moins que des règlements ou cahiers des charges spéciaux n'aient exceptionnellement déterminé une autre limite.

A titre exceptionnel, les marchés passés avec des entrepreneurs ou artisans indigènes peuvent prévoir le versement d'avances conformément aux usages locaux. mais il ne peut être accordé d'avance antérieure au service fait que s'il y a marché préalablement souscrit.

[W 12225/13/28] No. 19.

Foreign Office to Mr. Gurney (Tangier).

(No. 244.)

Sir, *Foreign Office, November* 21, 1932.

WITH reference to your despatch No. 148 of the 28th October last regarding the examination of M. Laure's report by the Committee of Control, I am directed by Secretary Sir John Simon to inform you that there is no objection to your accepting any proposal which the French or Spanish Governments may make for relieving Tangier of a portion of the port loan charges, provided that no conditions are attached to such financial assistance.

I am, &c.

C. HOWARD SMITH.

[W 12813/13/28] No. 20.

Mr. Gurney to Sir John Simon.—(Received November 21.)

(No. 156.)

Sir, *Tangier, November* 8, 1932.

WITH reference to my despatch No. 150 of the 2nd instant, I have the honour to report that the Committee of Control to-day considered the budget proposals for 1933 as submitted to the Legislative Assembly on the 31st ultimo.

2. On my recommendation it was decided to call the attention of the Administrator to the provisions of article 53 of the Organic Dahir, and to request him to examine with the Finance Commission of the Assembly the measures to be adopted to balance the budget, taking into consideration the proposals of M. Laure with regard to economies in administrative expenditure and new taxation, whilst informing the commission that steps were being taken by the Committee of Control to ascertain the views of the Powers in regard to M. Laure's proposals for assistance from outside.

3. M. le Fur and Mr. Dicken were summoned to attend our sitting and these recommendations were communicated to them.

4. We had at a previous sitting asked M. le Fur to let us know the extent to which M. Laure's proposals would be realisable in the course of the coming financial year. In reply to this request M. le Fur submitted a statement to the effect that the only economy which could at once be realised was that of 52,000 fr. to be effected by the suppression of the post of assistant engineer. It will be recollected that M. Laure estimated that the reduction of personnel which he recommended would result in an economy of 350,000 fr. in a full year, but that he recommended at the same time that the reduction should only be effected *par absorption*. We asked at our meeting whether it would not be possible to get rid of a proportion, at any rate, of the superfluous employees at once. Mr. Dicken replied that in view of the fact that six months' notice would have to be given such action even if possible would not result in an economy of more than 150,000 fr., and that he hoped that a similar, if not a greater, economy could be effected by gradually suppressing posts as they became vacant or as other places could be found for their occupants. He pointed out that under this system out of the eighteen posts which it had been decided to suppress in the beginning of this year eleven had already been done away with.

5. We accordingly did not press that point, but I urged M. le Fur with the support of some of my colleagues to propose the still further cuts which M. Laure suggested might be possible, particularly in the Departments of Public Health and Municipal Public Works. Our recommendations met, however, with very obstinate resistance on the part of M. le Fur, who, as I have already reported, is lacking in moral courage and evidently dislikes the idea of proposing so unpopular a measure to the Assembly.

6. I also regret to record that my Spanish colleague also raised objections not only to these additional cuts on the ground that the Departments are under the control of Spanish officials, but also to M. Laure's main proposals, representing that Spanish nationals would be affected more than those of other countries.

7. My Spanish colleague also showed, as I anticipated, a determined opposition to the proposals in regard to a reduction in the number of officers in the gendarmerie, and confirmed my belief that no relief can be expected from this quarter.

8. As regards new taxation we again had to exert considerable pressure on M. le Fur to make him realise the necessity of putting forward M. Laure's proposals, pointing out that it was his duty to overcome the reluctance of the Assembly to agree to any new taxation, but he finally, though most unwillingly, agreed to act as we had suggested and to summon a meeting of the Finance Commission at an early date when he undertook to lay these proposals before them. M. Laure's report will be communicated to them in full at the same time.

9. The Spanish representative here showed himself also unfavourably disposed towards the proposals of M. Laure and put forward some other suggestions, such as a tax on undeveloped building land, tourists, entertainments and such like. We asked the Administrator to examine these proposals, but I fear that even if practicable they would provide but little revenue.

10. I myself suggested that some revenue might be obtained from the telephones. As you are aware, the local telephone system is managed by a private company which holds no monopoly and only acts under some pre-statute dahir providing, I believe, for some kind of way-leave. My French and Spanish colleagues both agreed that it would be reasonable to levy some contribution from the company, whilst deprecating any enquiry as to its legal position. The committee, however, passed by a majority vote a motion which I put forward to the effect that the Administrator should be asked not only to consider this proposal, but also to furnish information in regard to the status of the company and the nature of its concession.

11. As regards the proposed contributions from the Powers, both our French and Spanish colleagues informed us that they were not yet in possession of the views of their Governments on M. Laure's proposals, but they undertook to press for replies to the enquiries which they had addressed to them on the subject.

12. Before separating we examined a further statement, copy of which I enclose, submitted by Mr. Dicken to the Administrator showing the financial difficulties which will arise next year, even if the budget is eventually balanced, owing to the dates on which certain statutory payments have to be made. Providing, however, the anticipated assistance is forthcoming from the Powers, I do not think these difficulties need prove insurmountable as they should be at most of a temporary nature and can probably be overcome by borrowing from the bank or the Reserve Fund or by some other means.

I have, &c.

HUGH GURNEY.

Enclosure 1 in No. 20.

Statement by Mr. Dicken.

L'Administrateur,

PRÉVOYANT, même pour le cas où le budget de 1933 sera théoriquement mis en balance avant la fin de l'année, que les recettes ordinaires des premiers mois ne nous permettront pas de faire face aux dépenses ordinaires et qu'en conséquence, faute de moyens de Caisse, nous serons vite dans l'impossibilité de continuer, j'ai demandé du receveur une note sur la position de Caisse qu'il prévoit pour 1933.

J'ai l'honneur de vous transmettre ci-jointe sa note.

De celle-ci il résulte qu'il sera en déficit de Caisse d'environ 300,000 fr. avant fin janvier, 520,000 fr. de plus avant fin février et 180,000 fr. de plus avant

fin mars, ou un total de 1,000,000 de francs, ce qui sera porté à 1,400,000 fr., car cette année (1933) il ne peut compter sur un versement de la Douane comme en 1932.

A ce sujet, j'attire votre attention sur ma note No. 574 sur la situation de Caisse de la Douane pendant ces mêmes mois, d'où il paraît que, si loin d'attendre un paiement de la Douane, il est probable que la Douane elle-même ne pourra pas faire face aux dépenses obligatoires.

Donc, le déficit de Caisse à prévoir est de l'ordre de 300,000 Caisse +300,000 Douane (basé sur la moyenne des prévisions budgétaires), avant fin janvier 600,000 fr.; de 520,000 fr. en plus avant fin février, et d'environ 600,000 fr. en plus avant fin mars, soit un total de 1,720,000 fr. avant fin mars.

Or, le fonds de réserve étant réduit le 1er janvier 1933 à 1 million près, il est évident que la zone sera dans l'impossibilité de faire face à ses engagements si les questions déjà soumises aux Puissances ne sont pas résolues très rapidemment.

J'ai l'honneur de vous proposer de saisir le Comité de Contrôle de ces faits.

C. V. DICKEN.

Tanger, le 2 novembre 1932.

Enclosure 2 in No. 20.

Note by M. Micklam.

L'ETAT comparatif ci-joint des recettes et dépenses pour premier trimestre des années 1930–31 et 1932 présente les caractéristiques suivantes:

1. La situation de Caisse pour ladite période de *1930* était bonne par suite des versements des Douanes, qui se sont élevés pendant cette période à 1,500,000 fr. pour une dépense totale de 3,040,000.

2. La situation de Caisse pour la même période de *1931* présentait un déficit de 231,000 fr., nonobstant un versement des Douanes de 1,500,000 fr. pour une dépense totale de 3,050,000. Ce déficit a été couvert provisoirement en empruntant sur les disponibilités de la deuxième section du budget.

3. La situation de Caisse pour la même période de *1932* présentait un déficit de 1,003,000, la Douane ne nous ayant versé que 375,000 fr. pour une dépense totale de 2,888,000. Ce déficit a été couvert par prélèvement du Fonds de Réserve d'une somme de 1,200,000.

En se basant sur ce qui précède, il est certain qu'au début de 1933, je ne serai pas en mesure de faire face aux engagements de la zone. Je ne pourrai non plus, avec un Fonds de Réserve presque épuisé, faire face au déficit de Caisse en empruntant sur les disponibilités de la deuxième section du budget, comme je l'ai fait sous ma responsabilité personnelle pendant le 1er trimestre 1931.

Prenant donc les chiffres de janvier, février et mars 1932, on voit qu'il est nécessaire de trouver, pour la période correspondante de 1933, au moins 1,000,000 de francs en plus des recettes ordinaires et environ 1,400,000 fr. si les Douanes ne sont pas en mesure de nous faire des versements, ce qui très probablement sera le cas

R. G. MICKLAM.

Enclosure 3 in No. 20.

Etat comparatif des Recettes et Dépenses pendant le 1er Trimestre des Années 1930–31–32.

Mois.	Recettes.			Dépenses.	Situation.
Janvier 1930 ..	Douanes ..	700,000			
	Générales ..	515,000			
			1,215,000	1,013,000	
Février „ ..	Douanes ..	500,000			
	Générales ..	437,000			
			937,000	1,073,000	
Mars „ ..	Douanes ..	300,000			
	Générales ..	670,000			
			970,000	954,000	
			3,122,000	3,040,000	Excédent de recettes, 82,000.
Janvier 1931 ..	Douanes ..	650,000			
	Générales ..	376,000			
			1,026,000	1,005,000	
Février „ ..	Douanes ..	500,000			
	Générales ..	421,000			
			921,000	1,084,000	
Mars „ ..	Douanes ..	346,000			
	Générales ..	526,000			
			872,000	961,000	
			2,819,000	3,050,000	Excédent de dépenses, 231,000.
Janvier 1932 ..	Douanes ..	..			
	Générales ..	493,000			
			493,000	793,000	
Février „ ..	Douanes ..	..			
	Générales ..	380,000			
			380,000	903,000	
Mars „ ..	Douanes ..	375,000			
	Générales ..	637,000			
			1,012,000	1,192,000	
			1,885,000	2,888,000	Excédent de dépenses, 1,003,000.

MICKLAM.

[W 14184/13/28]

No. 21.

Mr. Gurney to Sir John Simon.—(*Received December* 30.)

(No. 172.)

Sir,

Tangier, December 23, 1932.

WITH reference to your despatch No. 244 of the 21st ultimo, I have the honour to report that the Committee of Control have at length received a proposal for the relief of Tangier of the port loan charges, put forward by the Shereefian Government.

2. This proposal is contained in two letters, one addressed by M. Saint, the Resident-General of the French Protectorate, to the President of the Committee of Control, the other addressed by M. de Witasse, the French consul-general at Tangier, to Prince Croy.

3. I enclose herein copies of these letters as communicated to the Committee of Control by Prince Croy in a circular, in which he also encloses a letter from

the Spanish consul-general in regard to the financial assistance which the Spanish Government are prepared to render to the zone.(1)

4. It will be seen from M. Saint's letter that the Shereefian Government, in agreement with the Port Company, are prepared to relieve Tangier of the whole of the service of the port loans, the sums so paid by them being carried to a debit account bearing no interest and only recoverable on the expiration of the statute.

5. The letter from M. de Witasse goes a little further, in that he appears to suggest that the zone should continue to defray some portion of the port loan charges and to indicate that the offer thus made is not for this year only, but will continue as long as financial assistance is required. He also stated categorically that no security will be demanded for these "advances." M. de Witasse has further explained to me verbally that the phrase "expiration of the statute" does not mean the end of the first period of twelve years for which the convention of 1923 was concluded, but the actual termination of the statute either as at present constituted or as it may be revised in accordance with the terms of the convention.

6. As stated above, although M. Saint's letter speaks of the assumption by the Shereefian Government of the whole of the port loan charges, M. de Witasse's letter suggests that some portion shall continue to be met by the zone. He has so far not made any specific suggestion as to how such sum is to be arrived at, but I understand from a conversation with him that it may be suggested that it should be calculated in the following manner:—

On the basis of the Laure report, provision is made in the revised budget for a contribution from the Powers amounting to 2,800,000 fr. The total of the port loan charges amounts to 4,450,000 fr. It may therefore be taken that the amount of these charges which can be borne by the zone on the basis of estimated receipts is 1,650,000 fr. It seems not unreasonable to suggest that this sum should be increased or diminished in so far as the customs receipts are larger or smaller than the estimates, and that, while the Shereefian Government will pay the annuities of the port loan as they fall due, the Tangier Zone will refund at the end of the year a sum calculated on this basis. As stated above, however, no concrete proposal has yet been put forward.

7. In the letter from the Spanish consul-general it is stated that the Spanish Government are prepared to continue to contribute a maximum sum of 500,000 fr. towards the cost of the gendarmerie, to allow the Tangier Zone to retain the 2½ per cent. *taxe spéciale* levied on goods imported through Tangier in transit to the Spanish Zone for the years 1932 and 1933, and to contribute a sum of 500,000 fr. to the cost of the customs service for 1933.

8. In your despatch under reference I was authorised to accept any proposal which the French or Spanish Governments might make for relieving Tangier of a proportion of the port loan charges provided that no conditions were attached to such financial assistance. I am in some doubt as to whether the fact that the Shereefian Government require that the sums paid by them on account of the port loan charges are to be carried to a special account recoverable on the termination of the statute, is to be regarded as imposing a condition. I have accordingly the honour to enquire whether I am authorised to accept the proposal in question, and I should be grateful if I might receive a telegraphic reply, as the matter will come up for discussion in the Committee of Control next week, when the budget, which was voted by the Assembly yesterday, will be submitted to them.

9. As already pointed out, the fact that such financial assistance is rendered must strengthen the position of the French Government in regard to Tangier, morally if not materially, whilst the existence of such debit account may possibly influence the course of future negotiations for a renewal or modification of the statute. At the same time, this condition does not seem to be an unreasonable one in the circumstances, and it is to be hoped that the zone will soon be in a position to resume the full payment of the annuities so that the account may not amount to any very considerable sum.

10. If this offer is declined there seems to be no alternative but for the other Powers concerned themselves to find the money necessary to balance the budget. This is an alternative which my Italian colleague at any rate would much prefer. It would certainly be a more satisfactory solution in many ways, particularly as

(1) Not printed.

tending to equalise the position of the Powers. The amount is not large and it may be considered that the resulting advantages are worth the pecuniary sacrifice involved.

11. The best solution may perhaps be to accept the proposal for this year only, leaving open the question as to the action to be taken to meet possible budgetary deficits in the future.

12. Should the proposal be accepted in any form, I will take steps to ensure that it is explicitly recognised that there is no question of default on the part of the zone, and that consequently the provisions of article 40 of the convention under which the Shereefian Government are entitled to resume the sole financial control of the port concession in the event of such default do not come into operation. I would also see to it that reasonable arrangements are made in regard to the payment by the zone of a part of the loan charges.

13. Both my Italian and my Portuguese colleagues are submitting the proposal to their Governments and will await their instructions before expressing an opinion in the Committee of Control.

14. As regards the Spanish offer, it is to be hoped that the Spanish Government will be prepared to undertake to pay the whole of the 500,000 fr. paid by them this year in respect to the gendarmerie, since, if this sum is only to be regarded as a maximum, the question is left open as to the amount due from the Tangier Zone.

15. As stated above, the revised budget has been voted by the Assembly, although it has not yet come before the Committee of Control. It has been balanced, thanks to the insertion of a provision for a contribution from the Powers, of 2,800,000 fr. and certain economies in administrative expenses. It provides, however, as proposed by M. Laure, for a reduction in the number of officers in the gendarmerie and that the personnel of the fire brigade shall be furnished by the gendarmerie. As the Spaniards will not agree to either of these proposals the Committee of Control will be bound to reject them and to return the budget to the Assembly for revision. Fortunately, the amount involved will be covered by the 500,000 fr. which the Spanish Government offer to contribute to the cost of the customs service. In these circumstances the budget cannot be approved before the end of the year and recourse will have to be had to the system of " douzièmes provisoires " for the first month of next year.

I have, &c.
HUGH GURNEY.

CHAPTER III.—FRENCH ZONE.

[W 893/80/28] No. 22.

Consul-General Edmonds to Sir John Simon.—(*Received January* 26.)

(No. 15.)

Sir, *Rabat, January* 19, 1932.

I HAVE the honour to inform you that in the course of what seem to have been highly successful military operations, the oasis of Tafilelt was occupied on the 15th instant. Throughout Moroccan history, this oasis, which lies south of the Atlas, and not far from the Algerian frontier, besides having served as a base for raiders, has tended to produce political movements, the present Shereefian dynasty having in fact originated from there. Marshal Lyautey occupied the oasis in 1917, but was forced to withdraw after a few months. Thereupon, the problem was wisely left until pacification should be generally further advanced. This patient policy has been justified, and the various stages of penetration which were carried out last year made the reoccupation of Tafilelt the other day a comparatively simple matter.

2. The press announces that the operation was carried out with eight battalions, with auxiliaries, of whom some were from Algeria, and with two aeroplane squadrons from Morocco and one from Algeria. Only insignificant losses are reported.

3. I am sending a copy of this despatch to His Majesty's consul-general at Algiers.

I have, &c.
W. S. EDMONDS.

P.S.—A copy of a despatch from His Majesty's vice-consul at Fez, which has just been received and gives further details, is enclosed.

W. S. E.

Enclosure in No. 22.

Vice-Consul King to Consul-General Edmonds.

(No. 9.)

Sir, *Fez, January* 18, 1932.

I HAVE the honour to inform you that, on the 15th January, 1932, the important oasis of Tafilelt was occupied by the forces under the command of General Giraud.

2. According to the official reports, the palm-grove was surrounded in the early morning by regular troops, and the two groups of native levies who were detailed to penetrate it from the north and south effected a junction by the evening at Rissani in the heart of the oasis. No resistance is reported to have been offered except at Rissani, the residence of Mohammed Bilkassim N'Gadi, where a fight was put up by the mercenaries and kinsmen of the inveterate rebel and chief. The inhabitants of the remaining village strongholds, numbering 12,000 families, readily submitted and lent their assistance to the occupying forces. The French losses amounted to fifteen, of which ten were among the native auxiliaries, one French officer being killed. The brother of Bilkassim was killed, and his nephew taken prisoner, but the chief himself succeeded in escaping with a few followers under cover of night, abandoning arms and belongings, including three howitzers, six machine guns and his wives.

3. It seems that for some time the inhabitants of the oasis, groaning under the oppression of Bilkassim, had been petitioning the French to intervene, and that latterly their petitions had become ever more insistent. The military authorities, however, were determined that there should be no repetition of the disaster which followed the previous occupation of 1917–18, and accordingly postponed action until favourable circumstances had been created by securing their positions in the surrounding country.

4. The capture of the oasis of Taouz in February of last year cut off the nomadic Ait Khebbash on the south-east, and, after connexion had been effected with Erfoud by the post of El Haroun, permitted a close surveillance of the

desert boundary. The advance of military control to Imiter and Tinghir, in the region of the Oued Dades and Oued Todgha, and the operations on the Oued Draa to the south-west, culminating in the occupation of the Djebel Zaghoura, pinned down the Ait Atta to the mountainous Sagho country, while in the north the advance last November to the line Tourong–Tadighoust, in the valley of the Gheris, pushed back the Ait Moghad, a division of the powerful Ait Yafelman, into the inaccessible valleys of the High Atlas. Thus, Bilkassim was separated from the wild and redoubtable tribes on whom he largely relied for the domination of the trading and agricultural community of the oasis, and thus his stronghold fell an easy prey to the invader.

5. The success of the operations around Tafilelt, and the final occupation of this fortified and densely populated territory, 20 kilom. by 15 kilom., with only fifteen casualties, must in large measure be ascribed to the system of unified control established last year, by which all the forces operating on the Algero-Moroccan borders were placed under one command. The movement of troops in that difficult country thereby attained a co-ordination which was impossible before, and the advantage to fugitives and malefactors of a quasi-fictitious political frontier was finally disposed of.

6. It is interesting to note in this connexion that the tactics so successfully employed in the High Atlas last year were again put to the test. Mobile groups of recently rallied mounted tribesmen, under French officers, and supported by aeroplanes, were sent ahead to do the rough work, while regular infantry, composed of the ever-present Foreign Legion and Moroccan and Algerian units, were held in reserve in case of calamity or to consolidate the captured positions.

I have, &c.

A. H. KING.

[W 2778/80/28] No. 23.

Consul-General Edmonds to Sir John Simon.—(*Received March* 9.)

(No. 37.)

Sir, *Rabat, March* 2, 1932.

WITH reference to my despatch No. 15 of the 19th January last, I have the honour to inform you that, as a result of operations on the 11th, 12th and 13th of last month, General Catroux, who is in command of the Marrakesh district, occupied Ferkla, south of the Atlas, and joined hands with General Giraud, who commands on the Algero-Moroccan frontier. The result of this is that the whole of the Atlas has been subdued except the heights lying roughly in a line between Tadla and Ferkla, and that even this district has now been completely encircled. General Catroux told me a few days ago that the final subjection of the Atlas ought not to take more than another year or two. The policy is to tackle it steadily bit by bit, as has been done so successfully hitherto.

2. General Catroux also said that from the south-east, *i.e.*, from the direction of the Algerian frontier, there was now nothing much to fear, as all the oases were occupied. In the Bani country (south of Agadir) another small move was impending, and this would bring the occupation pretty well to the dividing line between sedentary and nomad tribes. After that the problem would be to deal with raiders from the Rio de Oro territory. The Spaniards were not in effective occupation, and the Rio de Oro tribesmen were capable of doing a raid of 1,500 kilom.

3. I have sent a copy of this despatch to His Majesty's consul-general at Algiers.

I have, &c.

W. S. EDMONDS.

[W 5024/5024/28] No. 24.

Consul-General Edmonds to Sir John Simon.—(*Received May* 3.)

(No. 56.)

Sir, *Rabat, April* 27, 1932.

WHEN the Resident-General returned from France on the 9th instant he met with a genuinely enthusiastic reception. This manifestation of public feeling was not surprising. He had gone to Paris not merely to submit the budget as

usual for approval but also to obtain sanction for a loan. On this loan all possibility of better times was felt to depend. Instead of the prevailing stagnation there would be work, production and money for everybody. Shortly before M. Lucien Saint's return it was learnt that owing to financial stringency the chance of the loan being approved was poor. When therefore M. Saint finally secured the consent of the French Government and Parliament, gratification here was intense.

2. Details of the loan, which is, as usual, guaranteed by the French Government, are now available, and I have the honour to give them, as follows. The total amount of 1,535,676,000 fr. is to be spread over a period of six years, 974,846,000 fr. being allotted to the first three years and the remaining 560,830,000 fr. to the second three years. As a matter of fact 7,252,000 fr. have actually been spent in anticipation of this loan, and 325 million have already been pledged for one thing or another. The main purposes to which the loan is allocated are the following :—

	Fr.
Public Works—	
Ports	373,000,000
Irrigation	354,400,000
Railways	250,000,000
Roads and bridges	102,700,000
Education—	
Primary and technical schools (European and Jewish) ...	66,000,000
Secondary schools (European) ...	33,000,000
Moslem schools (primary, secondary and technical)	45,000,000
Agriculture	80,500,000
Posts, telegraphs, telephones	54,670,000
Public health	42,000,000

3. The allocation of these sums has given rise to a good deal of criticism. Why, it was asked, should such vast sums be spent on ports, roads and railways, when Moroccan agriculture and industry can produce so little to be transported? Why should nearly 150 million francs be spent on Kenitra harbour, which is only 80 miles from Casablanca and therefore superflous? It would have been better, the critics said, to use all the 373 million on finishing Casablanca harbour, rather than to have two harbours unfinished. Again, it was asked, what was the use of spending such a vast sum on irrigation, when no one knew what crops could be grown with profit. The official answer, no doubt, is that the Protectorate Government is most anxious to make Morocco no longer dependent on the cereal crop. It proposes, therefore, to provide irrigated land for the cultivation of fruit, vegetables and other things which may in the interval be found suitable. But it seems questionable whether such heavy expenditure under this head is wise. One hundred and thirty-three million is to go to the Moulouya barrage in which, when is is started, Spain is to participate as to three-tenths, and 55, 30 and 20 millions, respectively, are to go to the Oum-er-Rebia, Oued Nefis and Oued Beth barrages, which are in various stages of construction. The enormous demands of education caused many protests. But when the Director-General of Education was able to show that owing to the growth of the European population and to the general expansion of education there were sometimes fifty or sixty children in a class, the grant was reluctantly allowed.

4. What is much more serious is that the public debt of Morocco now amounts to 1,691 million francs and requires an annuity of over 390 million francs for interest and redemption. The truth is that the Protectorate has been in a dilemma. Its whole development, hitherto, has proceeded on the strength of loans. To have stopped all development schemes now when the economic equipment of Morocco is but half complete would have spelt general ruin. The decision, therefore, was to borrow once more, and the Resident-General seeks consolation in the idea that the money will be used with the strictest economy and devoted as far as possible to productive purposes. In this, I fear, there is a good deal of delusion. Although large economies, like the abolition of superflous narrow-gauge railways, have been made, the army of officials, costly public

buildings, superflous harbours, and—it must be added—the jobbery which is prevalent, are not consistent with real economy. The *rapporteur* of the Foreign Affairs Commission of the French Senate sounded a note of warning, when he asked whether it could be assumed that the volume of business in Morocco would not shrink, for a few years at any rate. It will, in any case, be many years before there is a substantial return for this expenditure of public money, and I fancy the authorities look forward with some misgiving to bearing the burden of the service of the debt in the immediate future. However, to the general public, which does not bother itself about balancing budgets, the loan has come as a welcome stimulus in a time of depression.

5. Besides the above loan there are others pending. A Bill authorising a loan of 954 million francs for the completion of the Fez–Oudjda Railway has been passed by the Chamber, but held up for further consideration by the Senate. The line has the strategic importance of providing through communication between Atlantic and Mediterranean. Far from there being any possibility of its being delayed for financial reasons, it is being pushed on—with advances from the Treasury—in response to the urgent request of the Ministry of Defence that it may be finished by 1934.

6. The phosphate monopoly is too indisposed to go on laying golden eggs for the Director-General of Finance. But, as his budget must be balanced, he is taking from it the comparatively small contribution of 27 million francs, and in return is allowing it to raise a loan of 200 million francs. In justification of this device it is urged that the phosphate monopoly, unlike most other public enterprises, in Morocco, has never had a substantial loan, for the initial loan of 36 million francs with which it was launched in 1920 enabled it to reach prosperity.

7. Finally, the Moroccan Government is guaranteeing a loan of 70 million francs, which the electricity supply company, the Energie électrique will shortly issue in order to continue the general development of its system in different parts of the zone. In so far as the nascent local industry, and perhaps even agriculture, may benefit, this loan may be considered as partly productive.

8. The loans impending, therefore, are:—

	Fr.
1932 loan	1,535,676,000
Fez–Oudjda Railway	954,000,000
Phosphate monopoly	200,000,000
Energie électrique	70,000,000
Total	2,696,676,000

In 1931 the Protectorate had to devote one-third of its budget, or over 250 million francs, to the service of the public debt. The above new loans will mean that the State must find or guarantee about another 200 million francs a year—and this at a time when revenue is shrinking under general depression. It looks as if the mother country might before long have to pay dearly for the privilege of seeing the Protectorate through.

9. I have sent copies of this despatch to the Department of Overseas Trade and His Majesty's consul-general at Tangier.

I have, &c.
W. S. EDMONDS.

[**W 7339/80/28**] No. 25.

Consul-General Edmonds to Sir John Simon.—(*Received June* 28.)

(No. 81.)

Sir, *Rabat, June* 21, 1932.

WITH reference to my despatch No. 37 of the 2nd March, 1932, reporting the complete encirclement of the dissident area in the Atlas Mountains near Tadla, I have the honour to inform you that since that date the press has reported from time to time minor engagements and slight casualties as the circle in the

mountains has been drawn gradually closer. I have now received from His Majesty's vice-consul at Fez the following items of information:—

2. Even more troops than last year are *en colonne* in the Tadla district and more losses are being sustained, although the same tactics are being employed. It is stated that the 2nd battalion of the 3rd regiment of the Foreign Legion lost thirty men killed in a recent engagement.

3. Troops from France, *i.e.*, artillery and colonial infantry, are to be less and less used in the future, and to that end two batteries of 75's were formed from the Legion last April for the first time.

4. A few companies of the Legion have been mechanised, *i.e.*, given machine guns mounted on armoured cars, but owing to the nature of the ground they have not so far been of much use. In military circles in Fez it is expected that these operations will take another two or three years.

I have, &c.
W. S. EDMONDS.

[**W 12432/12432/28**] No. 26.

Memorandum respecting Extra-Territorial Privileges in Morocco.—(*Received in Foreign Office, November* 11.)

THIS memorandum is written from the point of view of British interests in the French Zone. The corresponding situation in the Spanish Zone and the "open door" at Tangier have also to be borne in mind.

2. The word "Capitulations" has been avoided as much as possible. It is said to have no strict justification in connexion with Morocco, and it suggests a mass of nebulous privileges, whereas in fact all our rights seem to be based on definite texts or practices.

3. In considering the value of our extra-territorial rights, it is convenient to keep two distinct things in view: (i) the British community in Morocco and (ii) British trade with Morocco.

4. The British community in Morocco enjoy the following extra-territorial privileges:—

Consular jurisdiction.
Freedom from any new taxation until it is accepted by His Majesty's Government.
The semsar and mokhalat (local British protégé) system.
British post offices.
British nationality even for the third and succeeding male generations born in Morocco.

5. The chief privileges to which British trade is entitled in Morocco are:—

A maximum import duty of 12½ per cent.
General commercial equality.
Semsars.

British Community.

6. To consider first the value to the British community in Morocco of their extra-territorial privileges, it is to be recalled that originally these privileges were designed as safeguards against the abuses of Moorish rule. Under the French administration of to-day the old privileges are an anachronism. The change from Moorish to French rule has been an inestimable boon to European residents. Amenities have been brought into life, security has been established and the habitable area has been increased a hundredfold. The British community would in all probability be little worse off if their extra-territorial privileges disappeared. British subjects in the French Zone now number between 2,000 and 3,000. Only 200 or 300 are from the United Kingdom. Most are Maltese, Gibraltarians and Cypriots, whose menfolk are artisans, small traders, bar-keepers, taxi-drivers, &c. Hardly a score of families in the whole British community can be said to be people of substance, for the small merchant princes of Casablanca and Mogador have melted away. There remains a handful of

commission and insurance agents and other business men in Casablanca. There are no British industrial enterprises, except for a couple of flour mills, no British mines, and the only British concern of any importance is the Bank of British West Africa with its four branches.

Consular Jurisdiction (Anglo-Moroccan General Treaty of 1856, Article 8).

7. Although as plaintiffs British subjects have to apply to the local courts, as defendants in criminal or civil cases they are amenable only to the consular courts. Their premises also are inviolable (Anglo-Moroccan General Treaty, article 4) and they cannot be arrested without the consul's consent. The French courts, to which the French authorities would like to see British subjects made amenable as defendants, in the same way as they already are when plaintiffs, are on the whole good. Unfortunately their impartiality cannot be relied on when a Government interest is involved. A taxation case, or a case in which some political association (*e.g.*, "la ligue des droits de l'homme") or a powerful business concern brought pressure to bear on the Protectorate Government, would be likely to go against the individual. But in an ordinary case where the rights of a British subject were pitted against those of a French citizen, the French courts could be expected to give justice. Generally speaking, therefore, British residents would find them a fairly satisfactory substitute for consular courts.

8. *Expropriation*, however, is a matter which seems to need special provisions. Even now we have the utmost difficulty in obtaining compensation. According to our view, it should be fair and paid in advance (Act of Algeciras, article 113). According to French practice, it is paid in arrear on an arbitrary and totally inadequate scale. A good deal of British landed property exists in the French Zone, and fresh disputes arise before outstanding ones can be settled by diplomatic discussion. For many years to come there will be expropriations for railways, harbours, and other public works, for urban development and for military and other Government purposes. In short, expropriation gives rise to such abuses that instead of the arbitration procedure laid down in the Act of Algeciras (articles 113–119) and now inapplicable in detail, we should try to provide for arbitration in some more suitable form. (This was Sir A. Ryan's view (see paragraph 48 of his monster memorandum of the 19th March, 1930).) I would suggest compulsory reference to an arbitrator appointed by the consulate-general and the Residency-General, and, failing their agreement on an arbitrator, compulsory reference to the International Court of Justice. This would settle pending cases and provide some redress for future ones.

Taxation.

9. At present the Protectorate cannot levy a new tax on British subjects until His Majesty's Government have agreed to the new tax (Anglo-Moroccan General Treaty of 1856, article 4) and issued a King's Regulation making British subjects liable to it. As in practice His Majesty's Government refuse their agreement to no new tax, it would involve British subjects in no serious hardship if our rights were waived. Instead, however, we should stipulate for both national and most-favoured-nation treatment (see paragraphs 22 and 34 below).

Semsars.

10. The semsar system (Franco-Moroccan Agreement of 1863 and Madrid Convention of 1880, article 10) was devised in order that foreign merchants might have agents who would not be molested by the Moorish authorities. To-day the system has no such justification. There are about sixty semsars of *local* British firms (see also paragraph 16 below). Few people whose opinion I value contend seriously that a semsar is a help to business. Some even say that he is harmful because they think he antagonises the authorities. The French certainly resent a system which removes Moroccans from the Sultan's jurisdiction. The 400 "mokhalats," or registered employees of British subjects (Franco-Moorish Agreement of 1863 and Madrid Convention of 1880, article 9), have even less justification for their one privilege of immunity from sudden arrest. The whole system of semsars and mokhalats might be given up without loss to British residents. I agree with Sir A. Ryan's view (paragraph 33 of his memorandum) that existing semsars should not only be made subject to the French courts, but also entitled to our good offices, for life. The same should be

done for consular employees and persons protected on old political grounds—say, seventy-five in all, and for the thirty Tangier ex-semsars. As the semsar system is a great nuisance to the Protectorate, a valuable *quid pro quo* should be obtainable in return.

Post Offices.

11. There is now a perfectly good local postal service, and the existence of a British service is again an anachronism. British residents would be no worse off if the British post were abolished. Its chief merit is that it is confidential. The French authorities object to it less as a competitor than as a channel through which seditious literature can escape their control. They should, therefore, be ready to pay a good price for its abolition (see paragraph 28 below as to cyphering and confidential bags).

Nationality.

12. The dahir of the 8th November, 1921 (*Rivière*, III, p. 8) claims as Moroccan the children born in Morocco, one of whose parents was also born there. This exacting claim is tacitly left in abeyance pending the settlement of the whole question of our privileges. At present children born in Morocco of British fathers also born in Morocco are regarded as British to the nth generation. It would be reasonable to agree that only the first two generations born in Morocco shall be British (see paragraphs 28 and 29 of Sir A. Ryan's memorandum). This would relieve the French of the fear of the abnormal growth of local British communities, and ourselves of the responsibility of looking after people with no real commercial, sentimental or other ties with the British Empire.

British Trade.

13. Turning now to the treaty privileges which affect British trade in general rather than the members of the British community in Morocco, the chief is the *import duty*, which is limited to the flat rate of 12½ per cent. *ad valorem* by the Anglo-Moroccan Commercial Treaty of 1856, article 7, and the Act of Algeciras, article 66. British imports into Morocco were 33 per cent. of the total in 1910, only 17 per cent. in 1913 (a year after the French Protectorate began), and as little as 8·5 per cent. in 1931. But while our *share* of the import trade has declined so sadly, the *total value* of our imports is still far from negligible, and indeed greater than before the Protectorate—viz., in 1910, £973,000; in 1931, £1,530,000. We may have failed to secure 33 per cent. of the enormous expansion of the Moroccan import trade which there has been since the French Protectorate began, but even allowing for currency fluctuations we sell a great deal more to Morocco than we did before the French arrived on the scene. The United Kingdom export trade to Morocco has not been squeezed out. It is not moribund. With an improvement in home conditions it may reasonably be hoped that it will increase. But I fear there is no doubt that if we gave the Protectorate authorities the fiscal liberty after which they hanker, we should have put in their hands a weapon with which they would nearly kill our trade. Even though we might retain most-favoured-nation clauses which put our exporters on the same footing as French exporters, the Protectorate authorities would put prohibitive import duties on all goods in which they could not hope to compete, and low duties on all goods in which France was specially interested. There would be nothing to stop them from the usual practices of covert discrimination. As is shown by their policy of excluding cereals, they would be unmoved by any fear of increasing the cost of living. If we failed to secure most-favoured-nation clauses putting us on a level with France, the case of our trade would be nearly hopeless. Morocco would be included within the French tariff wall, and under its shelter French industry would enjoy a monopoly in Morocco. Anything it did not want for itself would be left for Moroccan industry, which is now being nursed through its infancy. If, then, we let the flat rate of 12½ per cent. go, our export trade to Morocco stands to lose heavily even with most-favoured-nation (including France) clauses, and to be almost snuffed out without such clauses.

14. Subject to certain exceptions, Morocco is bound not to establish *monopolies* (Anglo-Moroccan Treaty of Commerce of 1856, article 2). Given the French propensity for bureaucratic control and State trading in Morocco, this privilege should not be ignored.

15. *Commercial equality* (Anglo-French declaration of 1904, article 4; Act of Algeciras, articles 105–110; Franco-German treaty of 1911, articles 4–6) is the other privilege which goes to make the "open door." It applies to—

(*a*) Adjudication of contracts for public works, of concessions for public utility services, and of contracts for Government supplies.

(*b*) Customs and other taxes; rates for transport by rail or river, or otherwise; use of rail and other means of transport; all transit questions; weights and measures regulations.

It would be absurd to claim that these treaty stipulations have succeeded in preventing discrimination. In the matter of adjudications particularly, the stipulations are defeated by the mere fact of French control of the administration, and without any overt irregularity. But, on the other hand, it would be true to say that without the general stipulations against discrimination (especially (*b*) above) the French would succeed by one means or another in capturing almost all the trade in Morocco, even though they might remain tied to the maximum import duty of 12½ per cent. If we want to keep the "open door," therefore, we must maintain these stipulations. It would be better still, as the Act of Algeciras and the Franco-German treaty are largely inapplicable now, to obtain their substance in an up-to-date form. Paper safeguards will, however, be of little use, for even to-day, with the lever of our whole extra-territorial system to use, we can rarely get any, and never get prompt, redress for a discriminatory measure (see paragraph 71 of Sir A. Ryan's memorandum). Compulsory reference to the International Court of Justice seems to be the least unsatisfactory expedient, and even then the delays of procedure would often enable the French to play their usual game of dragging the issue out till the British interest at stake had been killed.

Semsars.

16. There are sixty semsars in the employ of *United Kingdom* traders with Morocco, the understanding being that they are, or were, a help in such business. I agree with the view expressed on several occasions by Sir A. Ryan and held by most of those competent to judge, that it is doubtful whether semsars are of any real use to our trade. I do not think the proposal to give them up (paragraph 10 above) would entail any substantial loss to United Kingdom firms.

17. Similarly, I think our trade would not suffer from the disappearance of the *British Post Offices* in Morocco (see also paragraph 9 above). The General Post Office has never been able to help our trade by introducing inland rates between the United Kingdom and Morocco, or to render it any other special assistance. Most business correspondence between the United Kingdom and Morocco already goes by French air-mail.

18. It is, if anything, the *whole extra-territorial system*, rather than any particular privilege comprised in it, which is of value to our trade. So long as we have our courts, so long as a British subject cannot be brought to book except through our courts, so long as the Protectorate has to ask His Majesty's Government for a King's Regulation before it can levy a new tax on British subjects, so long as Moroccans with British affinities (semsars) are withdrawn from Moroccan jurisdiction, so long in fact as there is a little British "imperium" in the French "imperio," so long will it be possible to keep the "open door" open. Take away these privileges and, whatever "open door" assurances we may have on paper, it will only be a matter of a few years before Morocco is as completely French as Tunisia and Madagascar and our Moroccan trade (exports and imports together were £2 million in 1930, £1,700,000 in 1931) as nearly ousted as from those two countries. The whole tendency of the Protectorate's policy is naturally towards economic incorporation with France—*cf.* the Resident-General speaking last June: "Il lui [Maroc] faut poursuivre une politique méthodique des débouchés qui . . . n'en aboutit pas moins . . . à l'incorporation progressive du Maroc dans l'économie métropolitaine," and again on the 7th July, 1932: "Nous répondons à cette confidence [de la métropole] en nous ingéniant de notre côté à intégrer de plus en plus l'économie marocaine dans l'économie française."

19. If the value of our extra-territorial rights to (i) the British community and (ii) British trade is as above described, what is the best answer to a French demand for their surrender? Three answers seem possible. (A) So far as both our community in Morocco and our trade with Morocco are concerned, the best answer undoubtedly is "No." Without the whole body of our present privileges, our community would not be quite so well off and our trade would be distinctly less well off.

20.—(B) If a categorical negative is an impossible reply, we might, as a half-measure, offer to keep the "open door" and surrender all else, *i.e.*, we might offer—

(1) To keep (*a*) the 12½ per cent. flat rate of import duty (see paragraph 13 above); (*b*) all the present provisions against commercial discrimination (paragraph 15 above) strengthened, however, by provision for compulsory arbitration.

(2) To surrender (*a*) consular jurisdiction (providing, however, for arbitration in expropriation cases); (*b*) our veto on new taxation; (*c*) the semsar and mokhalat system; (*d*) our post offices; (*e*) our claim to an indefinite number of locally-born generations.

(3) To be content for the rest with normal provisions as to trade, navigation, residence, real property, taxation, avocations, companies, &c.

The surrender of all the rights at (2) above would constitute an enormous concession. We should have given up not only all that the other Powers except the United States of America have abandoned, but also we should have taken the lead in voluntarily renouncing a great deal of the Act of Algeciras, an instrument to which the United States of America, Italy, Belgium, Portugal, Sweden and Holland still cling. In return for such a gesture we ought to be able to get the "open door" provisions at (1) above drawn extremely favourably. But we should be under no illusion: however favourable they might appear on paper, the French would manage gradually to close the door (see paragraphs 13 and 15).

21.—(C) As an "open door" treaty, when we had abandoned the rest of our extra-territorial privileges, would be illusory, it is perhaps for consideration whether His Majesty's Government should not surrender their whole privileged position in Morocco—consular jurisdiction, semsars, "open door," and everything else—if in return they could obtain in some totally different sphere a really big concession from France. This must turn primarily on how big that concession would be. His Majesty's Government are unlikely, in the face of present-day economic tendencies, to be able to resist indefinitely the claim of the Protectorate to regulate its own economic life. The French, on the other hand, are desperately keen, for political, economic and purely administrative reasons, to have things all their own way in their own zone. They ought to be willing to pay a high price. So far as our local community is concerned, the probability is that it would suffer but little if this extreme course were taken. However, British trade with Morocco would probably suffer immediately a substantial decline which, if we had only taken the half-measure of an "open door" treaty, might have been delayed for a few years.

Form of New Agreement.

22. This is particularly important if the middle course (answer (B), paragraph 20) is adopted—viz., retention of the "open door" only. I agree with Sir A. Ryan that one comprehensive instrument is desirable (paragraph 13 of his memorandum). I agree also that the contingency of annexation to France (paragraph 23 of his memorandum) must be kept in view. But I would emphasise another thing: nascent Moorish nationalism. For these two reasons I would advocate making the treaty with both France and Morocco. Similarly I would recommend—as we must be prepared for Nationalist anti-French boycotts on Gandhi lines—that wherever we stipulate for most-favoured-nation (which should be clearly defined as including the French—see paragraph 21 of Sir A. Ryan's memorandum) treatment, we should also stipulate for national treatment so as to cover the Moors. If we propose to keep the 12½ per cent. import rate, we must, unless I am mistaken, remember that at present its basis is article 7 of our own commercial treaty of 1856, the benefit of which other countries enjoy only under most-favoured-nation clauses. Lastly, as the Act of Algeciras and the Franco-German Treaty of 1911 are largely obsolete and most unwieldy, I would advocate getting rid of them and embodying in a new instrument such of their provisions as we intend still to keep. As a matter of courtesy we should presumably warn the remaining Algeciras Powers of our intention to abandon the Act before actually doing so.

23. If the extreme course were adopted (answer (C), paragraph 21), of surrendering our whole position in the French Zone, it would presumably only be necessary to make an agreement on normal lines covering the usual points—residency, avocations, real property, navigation, trade, taxation, companies, &c.—but this should be so drawn as to secure at choice either national or most-favoured-nation treatment. One effect of this would be to give us the benefit of the Act of Algeciras as long as one of the other signatories had it.

Miscellaneous.

24. *Mines* (*cf.* Act of Algeciras, article 112, and Franco-German Treaty of 1911, article 5).—We have tacitly accepted the mines law introduced by the French. Practically this gives the Protectorate the power to monopolise any mine it likes. The only privilege we have is the limitation imposed on the taxes to be levied on iron-ore mines and the provision against discriminatory taxation on mines. I know of no British subjects holding concessions, or even "permis de recherche" for mines in the French Zone (although I believe there is a British iron mine in the Spanish Zone near Melilla. Nor have I heard of British subjects being thwarted in prosecuting enquiries or applications. Discrimination could generally be overcome by the formation of a French or Moroccan company. Most-favoured-nation treatment seems to be all that need, or can, be sought in any new agreement.

25. *Missions.*—Except for article 8 of the Franco-Spanish Convention of 1912, there seems to be no treaty right for missionary activities. They were merely tolerated by the old Sultans. M. Poincaré gave the assurance in 1913 (*Morocco Print*, part 45, No. 160, part 46, No. 7) that no change would be made as long as the Capitulations lasted, and that, when regulations were made they would be such as to allow the missions' work to continue, with due regard to the maintenance of public order. The French have been true to their word, and have so far sought to introduce no regulations, but, in any new treaty, they would certainly want to put missionary rights on a clear basis. Although they have little objection to evangelical work in districts which are well under control, they strongly object to the risks involved by missionaries breaking new ground (as they often want to) in districts which have not long been subdued. There are about sixty British missionaries in the French Zone, and they belong mainly to five separate societies. Their evangelical work is usually accompanied by some degree either of teaching or of medical work. We have an agreement with the Residency that new missionaries practising as doctors, dispensers, nurses, &c., must have a recognised diploma, although the old-stagers are allowed to carry on, even if without diplomas. In general, therefore, our missionaries seem to need only most-favoured-nation (defined as covering the French) provisions. They would then be on the same footing as the Franciscan missionaries (for missionary schools, please see next paragraph).

26. *Schools.*—M. Poincaré agreed to the maintenance of British schools existing in January 1912, but would give no assurance as to future schools (*Morocco Print*, part 46, No. 7). The few British schools which there are in the French Zone are more like classes. They are mostly conducted by missionaries. The Protectorate authorities are no doubt only awaiting the conclusion of a new agreement in order to bring them under the law on schools. So long as a reservation is made to enable them to employ English teachers, to conduct their teaching in English, to teach English, and—in the case of mission schools—to teach Christianity, no objection need be taken to this.

27. *Bank of British West Africa.*—The Bank of British West Africa has now only branches at Casablanca, Fez, Mazagan, Safi (and Tangier). It would probably raise an outcry through the British Merchants' Morocco Association and Lloyds Bank (its parent) at the first inkling of an impending surrender of present rights. But the mere loss of our judicial rights would probably not affect it seriously, for presumably it appears more often as a plaintiff (in the French or Moorish courts) than as a defendant (in the British consular courts). However, banking competition is keen, and if the "open door" and commercial equality were abandoned, means would very likely be found for harassing it with discriminatory treatment. For example, its great asset compared with other banks in Morocco is its secrecy, and pretexts might be found for carrying out inspections which would destroy that secrecy. On the other hand, there is no reason why it should fare worse than British banks in France, nor than the Banca

Commerciale Italiana, which seems to carry on successfully in Morocco. In any case, it must be admitted that if the Bank of British West Africa were to be driven out of business, British trade would be deprived of the great advantage of an efficient institution run on British lines. In the event of a new agreement being made, we should at the least secure national and most-favoured-nation treatment for the bank. In addition, it would perhaps be possible to obtain, for what it was worth, some declaration in general terms that the Protectorate welcomes the activities of the bank and would regard their continuance with sympathy. This might be embodied in a supplementary document. But a more reliable way of assuring the bank's position would be for Lloyds Bank to have an understanding about it with the Banque de Paris et des Pays-Bas, or other financial interests in Paris.

Banque d'Etat.—Articles 31–58 of the Act of Algeciras need to be remembered.

28. *Consular Immunities.*—If the right of the consulate-general to communicate with foreign countries in cypher and by confidential bag is not clearly recognised by international usage, it should (as mentioned in paragraph 11 above) be laid down. The French authorities would probably be quite ready to grant the same franchise as regards customs and other taxation as is enjoyed by their own diplomatic and consular officers in Morocco, viz., complete franchise from all kinds of taxation. Otherwise, immunities would be normal ones on most-favoured-nation lines.

29. *Cemeteries* (Anglo-Moroccan General Treaty of 1856, article 5).—We have a cemetery round the English church at Casablanca. The authorities want to remove the graves, as the church is in the middle of the town (see paragraph 10 of Sir A. Ryan's memorandum). A compromise must be arrived at before we finally abandon the 1856 treaty.

30. *Coastwise Shipping* (Anglo-Moroccan Trade Treaty of 1856, article 10, paragraph 5, and Act of Algeciras, article 69).—This right is worth retaining, if possible, for both the Bland Line and United Kingdom lines (Power, Macandrews, &c.) call from port to port.

31. *Fishing.*—Article 10 of the Franco-German Treaty of 1911 confirms a right (the origin of which I have not been able to trace) to fish in Moroccan waters. I do not think it is used by any British fishermen established outside Morocco.

32. *Arrears of Taxation* (see paragraph 9 of Sir A. Ryan's memorandum).—The liability of British subjects to pay certain taxes is in dispute with the local authorities. I agree with Sir A. Ryan that in any new treaty we must have it laid down that no taxes are to be levied for any year before that in which the treaty comes into force.

33. "*Décimes additionnels.*"—If we give up our consular courts we must be careful to provide against British subjects being taxed for objects which do not benefit them, *e.g.*, "décimes additionnels," for Moroccan chambers of commerce, to which British subjects are ineligible (see paragraph 51 of Sir A. Ryan's memorandum).

34. *Fiscal Equality.*—In any new treaty it must be clearly laid down that British companies and British subjects are entitled to equal treatment with French or Moroccan companies and citizens as regards all forms of taxation and fees for registration, visas, ships' papers, and as regards all remissions, rebates, of which there are many (see paragraphs 50 and 67 of Sir A. Ryan's memorandum).

35. "*Casiers judiciaires.*"—It should be provided that the Protectorate authorities will accept consular certificates instead of "casiers judiciaires," from British subjects (paragraph 47 of Sir A. Ryan's memorandum).

36. *Personal Status.*—Under the law of the Protectorate (Rivière III, p. 2) the national law of a foreigner is applicable to questions of marriage, divorce, estates of deceased persons, &c. This principle seems acceptable (paragraph 36 of Sir A. Ryan's memorandum).

37. *British Chamber of Commerce at Casablanca.*—It is to be remembered that Sir A. Ryan on several occasions promised the Chamber that they should be consulted whenever the question of our privileged position in Morocco came up for discussion with the French.

W. S. EDMONDS.

Rabat, October 28, 1932.

[W 3134/1063/28] Annex.

Sir A. Ryan to Mr A. Henderson.—(*Received March* 27.)

(No. 51. Confidential.)

Sir, *Rabat, March* 19, 1930.

WITH reference to my despatch No. 45 of the 7th March, I have the honour to submit a memorandum on various points which should, in my opinion, be considered in connexion with the provision of safeguards in the event of the renunciation of the Capitulations in this Protectorate.

2. I apologise for the length of the memorandum. I realise that it may be impossible to cover many of the points in an agreement with the French Government, but, as I am about to leave Rabat, I have thought it would be useful to include in my swan song everything suggested by my experience here and in some cases to show how the questions have evolved since 1912. I regret that, owing to the pressure under which I have compiled the memorandum, I have been unable to ensure absolute completeness, to read anything like all the previous papers bearing on the matters discussed or to digest the material as satisfactorily as I could have wished.

3. I have naturally looked at the subject from a purely local point of view, leaving it to the Foreign Office to consider how far our ability to secure safeguards in Morocco may be conditioned by considerations of larger policy, as for instance development in Egypt or the desirability of making the renunciation of the Capitulations in Morocco part of a "general colonial clear-up," as was suggested by Mr. Villiers in his memorandum of the 28th May, 1924.

4. I have assumed in paragraphs 12 to 14 and paragraphs 16 to 20 of the memorandum that the eventual settlement will take the form of a bilateral agreement between Great Britain and France. I think personally that, having regard to the fact that the other European Powers have already given up the Capitulations by summary declarations and to the great difference between the position of the United States and our own, it would be very difficult to handle the matter in any other way; nor do I see much possibility of making our renunciation conditional on a similar renunciation by the Americans. On the other hand His Majesty's vice-consul at Fez, who has studied these matters at least as closely as myself, is very apprehensive as to the result of isolated negotiations with the French. He recalls their proceedings in Madagascar and Tunis and quotes the speech recently delivered by the Resident-General in Paris when M. Saint said :—

> "Le Maroc n'a pas de plus ardent désir que de multiplier ses relations avec la France. C'est d'elle qu'il tient sa raison d'être et son ambition serait de s'incorporer chaque jour davantage à l'harmonieuse société des provinces françaises."

Colonel Mackereth deduces that we should be very slow to abandon our existing rights and that, if the necessity for doing so arises, we should find means of collaborating with the Powers interested in the principles of commercial liberty, &c., or at any rate with the United States. The question of how the Capitulations should be renounced and how the principles which we wish to maintain should be preserved is one of high policy which only you can decide, but I think it only right to bring to your notice the views of an officer so experienced in Moroccan affairs as Colonel Mackereth.

5. I am sending copies of this despatch and enclosure to His Majesty's consular officers at Casablanca and Fez and am requesting them to formulate any supplementary observations they may wish to make, in the same memorandum form and following as far as possible the same order of subjects. I am drawing their attention to your wish to be kept informed of any local indications of the intentions of the French Government. I am asking them at the same time to treat the matter as very confidential, in view of the undesirability of any disclosure which would, if incomplete, merely alarm British subjects, or which might prematurely come to the knowledge of the French. I am also sending copies of this despatch and enclosure to His Majesty's consul-general at Tangier.

I have, &c.

ANDREW RYAN.

Enclosure in Annex.

Memorandum on Points to be Considered in Connexion with the Eventual Renunciation of the Capitulations in the French Zone of Morocco.

Part I.—*Settlement of Outstanding Disputes.*

I THINK the opportunity should be taken of disposing of as many particular disputes as possible in order to reduce to a minimum the likelihood of future controversy over matters antecedent to the renunciation. The following is a short list of matters now outstanding. I am asking His Majesty's consular officers at Casablanca and Fez to report any others.

Agadir Claims.

2. This question has been fully dealt with in voluminous correspondence, especially in 1928 and 1929. The position to-day is briefly this : A large number of British subjects claim the ownership of real property in the Agadir area. The Protectorate administration claims the whole of Agadir town and an area surrounding it as being domanial property. Other areas are claimed either as domanial or tribal property. The law of the Protectorate provides means of contesting domanial claims by a procedure which culminates in compulsory application for immatriculation of the property in dispute. The French courts adjudicate. His Majesty's Government have been willing and indeed anxious that British claimants should try out this procedure. They have, however, by notes addressed by me to the Residency at Rabat, reserved their right to intervene on behalf of the claimants, if they should consider that they have not been equitably treated. It is almost certain that eventually British subjects will be even more dissatisfied than they now are. They have undoubtedly had to contend with great difficulties owing to the long delay of the Protectorate in facing up to the settlement and to the barriers to free access to Agadir up to the end of 1929. The question is one in which any decision of the Protectorate courts, upholding the administration, will inspire very little confidence.

3. The question is complicated by a number of factors, among them the following :—

(*a*) The transactions giving rise to the claims were largely of a speculative nature. There was nothing illegitimate in the speculation and the reports that non-existent land was dealt in are probably exaggerated; but there were almost certainly many very light-hearted transactions, deals on paper, deals by different people in respect of the same property and so forth, so as to produce a mass of titles with which the honestest courts in the world would find it hard to deal.

(*b*) There is contention as to the validity under the then law of the transactions, however genuine otherwise.

(*c*) The Séquestre de Biens ex-Ennemis has interests distinct from both those of the Protectorate and private claimants.

(*d*) The mass of applications for immatriculation made by way of opposition to domanial and tribal claims is enormous. Each gives rise technically to a separate lawsuit.

(*e*) The Protectorate has recently taken preliminary steps (see my despatch No. 41 of the 5th March, 1930) towards the expropriation of future urban land.

4. There are so many French and other non-British claimants concerned that it will probably be very difficult to induce the Protectorate to make British claims the subject of a separate settlement. It will, nevertheless, be deplorable if the question survives the abolition of the Capitulations, not so much because the claims are necessarily good, as because of the poor prospect of any settlement on the present lines which will inspire confidence.

Expropriation and Servitudes.

5. I have dealt with this subject very fully in my despatches Nos. 40, 41 and 42 of the 5th March, 1930. I consider that a strong effort should be made to settle the specific cases dealt with in those despatches and any others which

may be reported by His Majesty's consular officers at Casablanca and Fez, before the Capitulations are renounced. In my despatch No. 47 of the 13th March I have drawn attention to the admission made in 1913 (*Morocco Print*, Part 47, No. 104) that the Act of Algeciras procedure must be applied until we accepted the French courts.

Arrears of Taxation.

6. All the principal State taxes introduced under the Protectorate have been made applicable to British subjects by King's Regulation, although there may be a few minor cases in which this has not been done and in some cases there may be discrepancies between amended Protectorate legislation and that legally applicable to British subjects. The position as regards municipal taxation is very confused. There are no King's Regulations covering the basic dahirs providing for it, nor are there any covering any recent municipal regulations made under general powers conferred by those dahirs. The French fundamental theory is that the taxes are payable, as they have always held in principle that the right to impose taxation is inherent in the right to organise the Protectorate. Our theory is that specific taxes cannot be imposed or increased except with our consent. In any case, no taxes can be recovered by judicial process, unless they repose on texts forming part of the law administered by the consular court.

7. The practical position is that British subjects generally pay municipal taxes, in some cases voluntarily, in others because they have no option. Very few of them realise the legal situation. It is, as a rule, perfectly reasonable that the taxes should be paid. I had conversations with the Residency on the subject in and before 1928. The line I took was that, if they made a request for the application of the basic dahirs by King's Regulation, I would study it sympathetically, though I warned them that certain difficulties might arise. I was myself anxious to get a clear situation, but British subjects felt that they already bore a burden of *patente* and *taxe urbaine*, which could be increased by a legally unlimited number of *décimes additionnels*. There was also a question at issue between us and the French regarding *droits de porte*. And there were cases in which municipal taxes were levied for specific purposes in the nature of *services rendus*, where it was complained that the services were not, in fact, rendered.

8. I understood at the Residency in 1928 that they were going into the question of asking for a King's Regulation. They have never done so. The position, therefore, remains as before: The French authorities claim that the taxes are payable, despite the impossibility of enforcing payment. We claim that the taxes are not legally payable, though we normally encourage British subjects to pay them. No serious difficulty has arisen except at Saffi, where British and other subjects complain that large sums are claimed from them in respect of arrears of taxation levied for purposes which have never been carried out. At one moment the authorities there tried to get the money from a British subject by deducting it from a sum due to him on another account. This attempt was abandoned as a result of strong remonstrances on my part, but the Residency made it clear that they were not abandoning their claim to the taxes, though they agreed not to enforce it in an improper way.

9. This situation should not be allowed to run on over the renunciation of the Capitulations. I think we should have a clear understanding that no arrears of taxes not covered by King's Regulation will be claimed for any year antecedent to that in which the renunciation takes place. If necessary, I would be prepared to carry the liability back to, say, the 1st January of the previous year, provided consular officers were satisfied that the claims in respect of that previous year were not exorbitant, especially at Saffi, where the trouble has arisen.

British Cemetery at Casablanca.

10. I think the opportunity should be taken of settling this question, which has been outstanding since 1927. In 1926 the Residency took exception to the continuance of burials in the cemetery, and spoke of it as "étant appelée, dans un avenir rapproché, à être désaffectée." I stated my views in a note of the 3rd July, 1926, one of the numerous enclosures in my despatch No. 201 of the 27th October, 1926. I confirmed the views I had expressed, under instructions,

in a further note of the 7th February, 1927 (copy enclosed in my despatch No. 33 of the 5th February, 1927). The Residency have never replied to the offer made in my second note. Since it was written, a small number of burials have taken place. I am strongly opposed to any removal of remains from what is the graveyard of a church and not open to any serious objection on hygienic or æsthetic grounds. On the other hand, I should be prepared to agree to the complete discontinuance of burials, though it would be preferable perhaps, on grounds of legitimate sentiment among the older members of the British community, to reserve the right to bring the total number of burials since the beginning of 1927 up to ten, the number then contemplated.

Patton-Bethune Case.

11. I refer to this only for the sake of completeness, as it is a very obscure case. A certain Mrs. Patton-Bethune claims property on the road between Rabat and Casablanca in virtue of a purchase made several years ago, apparently under the auspices of the then Belgian consul at Casablanca. It has been the subject of complicated immatriculation proceedings. The issues as between various interested parties are still unsettled, and I do not, in any case, regard it as certain that Mrs. Patton-Bethune has a sound title. One of the questions which arises is whether, as she contends, only the Moorish courts are competent or whether the French courts can properly exercise jurisdiction. For that reason, and because there is a good deal of prejudice against Mrs. Patton-Bethune, who is in bad odour with the French authorities and has often been in bad odour with the British, it would be highly desirable to dispose of the matter finally, if it is still outstanding, in connexion with any general settlement of old cases into which it could properly be brought.

Part II.—*General Considerations connected with any New Agreement.*

Form and Scope of Agreement.

12. The draft convention of 1919 was in the form of an agreement with the French Government which, among other things, foreshadowed the conclusion of a new treaty of commerce and navigation. It is not clear with whom the latter treaty was to be eventually concluded. I gather from the Foreign Office memorandum that any agreement which might be made in present conditions to renounce the Capitulations would still be an agreement with the French Govern ment, but the eventuality of a new commercial treaty, to be concluded subsequently, is still kept in view.

13. It seems to me that it might be more satisfactory to give a general scope to the agreement renouncing the Capitulations and to deal with everything in a single instrument. In considering the matter with a view either to a single agreement or to two successive agreements, it may be well to bear in mind the position of the Sultan of Morocco. The French Protectorate has not deprived him of the capacity to make treaties with foreign Powers, because he has been a party to or adherent to numerous international conventions. He has not, however, so far as I know, concluded any bilateral treaty with a foreign Power since 1912. Although I draw attention to the point, I assume that any future arrangement will be with the French Government.

14. I am not sure that I like the words "en faveur du Gouvernement de la République française" in article 1 of the draft convention of 1919. They have not been used in the declarations by which other Powers have given up the Capitulations, and it appears to me that, if they mean anything at all, they go too far in the direction of treating Morocco as if it were a French colony. On a minor point, the last words of article 1 of the draft convention might be held to imply too definite a recognition of the principle which has sometimes been asserted inconveniently as regards Tangier, that the French Protectorate extends to the whole of Morocco, except in so far as its operation is qualified by subsidiary arrangements for Tangier and the Spanish Zone.

Cognisance of Local Legislation.

15. The preamble to the draft convention of 1919 refers in general terms, as regards Morocco, to the guarantees afforded by the laws already promulgated in the French Zone, whereas in the case of Egypt the reference is specifically to

RECORD OFFICE, LONDON

legislation on judicial organisation. I see some objection to a wholesale admission that Protectorate legislation gives us all necessary guarantees. As the main effect of renunciation will be the substitution of French for British courts, I should prefer a specific reference to judicial legislation, if it is necessary to take formal cognisance of existing local legislation in any way at all. This would be in general accord with the wording of most of the declarations of renunciation by other Powers, in which the favourite formula is: "Prenant en considération les garanties d'égalité juridique offerte aux étrangers par les Tribunaux français du Protectorat. . . . ." See, for instance, the Spanish declaration of the 27th February (or (?) the 7th March, 1914), one of the earliest and most popular models.

Position as regards Old Treaties.

16. It seems to me that the combined effect of articles 5 and 8 of the draft convention of 1919 would have been extremely dangerous. Everyone has always talked about the two great principles in Morocco, namely, "economic equality" and "commercial liberty," to which has been added in later times the popular "open door." The first two expressions have often been used confusedly. In approaching any new arrangement we should have a clear idea of what each one means and of the intended effect of such new arrangement on each of them. To do this it is necessary to consider what is the present treaty basis of either principle and to know how far they arise from the operation of general treaties extending to all Powers, or to the operation of most-favoured-nation clauses. I have not had time to make any close study of the correspondence in 1919, when the expression "open door" was freely used. It would be useful to go carefully through that correspondence, dealing as it did with a situation in which the French were trying to get all Powers to give up the Act of Algeciras in return for open door assurances.

17. The Foreign Office memorandum of the 24th April, 1924 (*Morocco Print*, Part 55, p. 58), referred "our commercial rights in Morocco" to three instruments, namely, the Anglo-Moorish Commercial Convention of 1856, the Act of Algeciras and the Franco-German Convention of 1911. As regards the first of these, paragraph 2 of article 5 of the draft convention of 1919, though it seems to me awkwardly worded, was presumably intended to maintain provisionally in force the whole of the Commercial Convention of 1856 as well as article 68 of the Act of Algeciras, but only pending the conclusion of a new commercial treaty. It might have been maintained that the latter was to be negotiated in the same way as with any other country, for article 8 of the draft convention of 1919 would have already destroyed the other two bases of our older commercial rights, subject only to their retention until other Powers had given up their rights under them. We, moreover, were to undertake to give diplomatic support in inducing more Powers to do this. The effect, whether intended or not, might have been, in spite of all open door assurances, to undermine seriously the principles of economic equality and commercial liberty which we now so much wish to preserve.

18. In deciding what form to give to any reaffirmation or new definition of the principles of economic equality and commercial liberty, we have to bear in mind the change which has come over French Morocco since they were originally laid down. For instance, how should we in future regard such a situation as arose last year when the Protectorate prohibited the importation of wheat, &c., and the French Government in their note of the 5th August, 1929 (Paris despatch No. 1137 of the 7th August, alleged, *inter alia*, in defence of their action, that there was no violation of economic equality? How, again, should we regard fiscal measures for the encouragement of local industries, *e.g.*, the extension to them of the system of bounties, which is already practised in regard to agriculture? In the former case, most people agreed that, whatever the treaty position might be, the import prohibition was justified by imperative reasons of policy. In the latter case, it would seem only reasonable that Morocco should be free to foster home industries, but she is unlikely to do so successfully without favouring them in one way or another.

19. If, for reasons which may easily have escaped me, it is necessary to proceed by way of two successive instruments, the first being primarily a renunciation of the Capitulations, the second a new commercial treaty, I agree with the suggestion in paragraph 5 of the Foreign Office memorandum that it would be well to maintain all existing treaties in force (including even the capitulatory

part of them, if this is what the author of the memorandum meant) until the new commercial treaty comes into force. My general conclusion from the foregoing considerations is, however, as I have stated earlier, that it would be better to bring everything into one settlement, and either to make a very comprehensive new treaty embodying both the surrender of the Capitulations and our future rights, or, alternatively, to make an agreement which would deal only with essentials, but which would (*a*) provide piecemeal rather than by general renunciation for any abandonment of existing rights under the Act of Algeciras; (*b*) leave the Franco-German Treaty of 1911 intact; and (*c*) preserve the non-capitulatory portions of the treaties of 1856.

Extension to Morocco of Treaties with France.

20. I have not sufficient knowledge of these treaties, either general or commercial, to judge of the advantages which would ensue from their extension to Morocco. In several of the declarations by other Powers renouncing the Capitulations there is a general clause extending to the French Zone the operation of treaties and conventions of every sort "sauf clause contraire" between the renouncing Power and France. The draft convention of 1919, article 5, paragraph 3, contemplated a similar extension in our own case as regards all treaties other than those of commerce and navigation. Unless experts at home see a material advantage in either the general or partial extension, I regard it with suspicion as tending to affirm the position of French Morocco as being to all intents and purposes a French colony. I should prefer to extend to Morocco only the operation of certain specific treaties, *e.g.*, those dealing with extradition.

Equality with French Citizens.

21. At the root of many recent questions, though few of them have given rise to acute controversy, lies the general question whether other foreigners are in the same position as French citizens in the French Zone. It is very uncertain (I rather think that the minds of French jurists themselves are divided on the subject) whether Frenchmen in French Morocco are regarded as foreigners at all. Legal texts might be quoted in which a distinction is made between Frenchmen and other foreigners. It might be deduced from such texts that the French in Morocco form, as it were, an *imperium in imperio*, and that people who are neither French nor Moroccan are foreigners to both empires. However this may be, it is quite certain that in their practice the Protectorate make a distinction between Frenchmen and other foreigners. For reasons which appear in numerous subsequent paragraphs, it would be all to the good if we could secure some definite affirmation of the principle that in all non-political matters British subjects will be in the same position as French citizens after the renunciation of the Capitulations.

22. Article 3, paragraph 1, of the draft convention of 1919, went a long way in this direction, but I am not sure whether it went far enough, as a restrictive consideration might be put on the expression "droits privés."

Contingency of Annexation to France.

23. I agree with the suggestion in paragraph 6 of the Foreign Office memorandum that we should do everything possible to protect our ultimate position in the event of annexation of the French Zone to France. The memorandum makes no mention of the parallel question of our position in the event of Morocco shaking off the Protectorate. It is for consideration whether we should not endeavour to secure some understanding that, if the French Protectorate should come to an end in such a way as to renew the independent authority of the Sultan or a Moorish Government, the exclusive jurisdiction of Moorish courts, &c., our Capitulations would revive pending the conclusion of any new arrangements with the future Moorish Government. This would have its parallel in the arrangements for certain mandatory countries, in whose case, I think, the formula has been that Capitulations are not permanently suppressed but are suspended during the operation of the mandate.

Possibility of Arbitral Settlement of Disputes.

24. Experience has shown that Protectorate legislation, though not malevolently inspired, is drafted so hurriedly in specialised departments

uncontrolled by a legislative or by a strong Foreign Affairs Department, as often to produce effects which we consider contrary to treaty rights. The controversy over the soap decrees affords a striking example of how legislation of general application can produce discriminatory effects. When we have given up the Capitulations we shall be in a much weaker position even than we are now for the practical defence of British rights. The disputes which arise are seldom of such a kind as to be worth the expense of the established forms of international arbitration and will, in some cases, not brook the delay incidental to it.

25. I have been wondering whether, in view of the guarantees afforded in certain directions in Egypt by the Mixed Courts, we might not propose to the French some kind of mixed arbitral tribunal, which could be convoked easily and could deal expeditiously and cheaply with disputes under certain heads, *e.g.*, those discussed in paragraphs 26, 42, 49–50, 68 to 70 of this memorandum, and possibly some others. Such a tribunal might, for instance, be composed of the President of the Court of Appeal at Rabat, the Chief Justice of Gibraltar and a neutral. If the British and French Governments agreed on such a proposal, the only serious difficulty would be the choice of the neutral member, who should be a national of a Power having no important interests in Morocco and should preferably be of such judicial standing that he could sit as president in a tribunal containing two other highly-placed magistrates; although it might suffice to make him a member and let the president of the court of appeal and the chief justice preside in rotation.

Part III.—*Specific Matters dealt with in the Foreign Office Memorandum.*

Commerce.

26. Subject to what I have said in paragraphs 16 to 19 above about the importance of knowing clearly what we mean by economic equality and commercial liberty, I agree on all points with paragraph 4 of the Foreign Office memorandum. The Board of Trade will doubtless advise over details, the extent to which we can go and the manner in which guarantees for economic equality and commercial liberty should be defined. I would draw attention to certain points which it will be useful to bear in mind :—

(*a*) The Commercial Convention of 1856 has always suffered from the weakness that it dealt so much more with the rights of British merchants in Morocco than with trade in goods of British origin. The French have tried on certain occasions to suggest that the restrictions it imposes on their legislation apply only to goods imported by British subjects, and have even maintained that our rights apply only to goods imported by them for their own use. So far as I know, the question has never been thrashed out, but a reference to article 6 of the 1856 convention will show how the point arises.

(*b*) Article 4 of the Franco-German Treaty of 1911 is valuable and everything provided for in it should be resecured. It has not, however, sufficed to prevent certain kinds of discrimination. The controversy over the Protectorate soap regulations is the best illustration. The subject is a difficult one, as we can hardly object to modern regulations on the marking of goods, &c., but such regulations inspired by French models, made by expert French officials and depending as regards weights, &c., on the metric system, cannot fail to put British manufacturers at a certain disadvantage.

(*c*) Instances of *express* discrimination in favour of the French have not been wanting, though they cannot be said to have been frequent. We have a good example in the decree of the 15th March, 1929, on pilgrim traffic, article 13 of which confined the traffic from Morocco to ships under the French flag (see my despatch No. 65 of the 4th April, 1929, and subsequent correspondence). The offending notice was later amended in accordance with our views, but the case shows how easily discrimination can creep in.

27. I may mention under this head a question which has been engaging my attention for some time, namely, that of facilities for forwarding goods in transit from Casablanca to Rabat and other places so that they can be cleared from

customs at destination. I doubt whether it is a matter which could suitably be brought up in connexion with the suppression of the Capitulations, but it is one to which certain British interests attach importance. See correspondence with the Department of Overseas Trade ending with Mr. Farrer's semi-official letter to me, No. 13117/1/F.E. of the 3rd September, 1928. I have worked a little on the matter since that date, but have never felt able to press it strongly.

Nationality.

28. I agree that provision should be made for the retention of British nationality by the children and grandchildren born in Morocco of British subjects themselves born within the King's allegiance as understood by us. The drafting of any agreement on this subject will doubtless be studied carefully, having regard to the desirability of reducing to a minimum the number of cases of dual nationality. In one respect we might make a concession to the French by confirming in suitable terms the principle we have already adopted for practical use, though its present legal aspects are obscure, namely, that where there is dual French and British nationality and the former has been acquired by birth in French territory or by a voluntary act, it will be regarded as the master nationality in Morocco. The concession would naturally include a peculiar type of case, *e.g.*, where the French nationality arises by operation of the agreement made as regards Tunis in 1923.

29. The need for care in dealing with the matter is the greater, as decrees very similar to those to which we took such strong exception in Tunisia in 1921 still remain in the statute book of the French Zone (see *Rivière*, III, pp. 7 and 8). It will be remembered that, when the Tunis question was settled by the notes exchanged on the 24th May, 1923, the question as regards Morocco was simply shelved as not being one of practical politics, apparently because of the survival of the capitulatory régime. It will also be borne in mind that one or two difficulties of interpretation have arisen in Tunisia, which it would be well to avoid here, *e.g.*, as regards British subjects whose mothers were born in Tunisia, in which case, I believe, we hold that there is a conflict between the French law of the 20th December, 1923, and the agreement of the previous May.

30. Another point for consideration is the position of Moorish subjects naturalised British. Their position in Morocco is at present governed by article 15 of the Madrid Convention, a text which is not only very old-world and anomalous, but gives rise to practical difficulty, *e.g.*, in the case of Moors who re-establish themselves in Morocco, but return from time to time to British territory. One possible future settlement would be to admit that the Moorish nationality of such naturalised persons would be regarded as the master nationality in Morocco at all times, but that they would be under the jurisdiction of the French courts on the ground that they had presumably created business relationships, &c., abroad and that cases arising therefrom would be more satisfactorily dealt with in those courts. It would be convenient, though it is quite a minor matter, if we could get any new arrangement extended to persons naturalised British on grounds of service under the Crown, of whom there are a few examples.

31. In order to obviate future disputes it would be well to have a clear understanding as to the nationality of persons of Moorish race born in British territory. In the absence of a local law on nationality, it is at present doubtful whether they are of dual nationality or not. In practice they have been usually accepted as British in Morocco, but I have seen some tendency on the part of the Residency to suggest that they are in reality Moorish. Having regard to established practice, I should be inclined to ask that such persons born before the date of the agreement should be regarded as British subjects and only British, but to admit that in future cases we shall recognise that British nationality acquired by birth in British territory shall not override Moorish nationality in Morocco, if under any law of general application they are held to have inherited the latter nationality.

32. It may be well to affirm the principle, already admitted by the French, that subjects or citizens of British Protectorates and mandated territories are entitled to the same British protection as British subjects and are in the same position as regards jurisdiction.

British-Protected Persons.

33. I do not altogether agree with the Foreign Office memorandum here. I think it should suffice to provide that persons having enjoyed protection at the time of the agreement should be justiciable in the French courts during their lifetime and should also be entitled to the good offices of the British authorities. If we said that they were to have the status of British subjects, we should be giving them more than they have at present and more than has been agreed to with any other Power which has renounced the Capitulations. We might also run into legal complications, similar to that which arose in Turkey in 1923, when the Turks offered to recognise certain protégés as British subjects, if we were prepared to claim them as such, and we found that under our own law it was impossible to do so. On the other hand, any agreement regarding ex-protégés in Morocco should extend, as regards their interests in the French Zone, to natives whose protection had originated in the other zones. This would cover persons protected in the Spanish Zone at the time of the agreement, and we should take the opportunity of liquidating the dispute about Tangier ex-protégés, a matter, I anticipate, of no great difficulty, as the French, while denying their right to protection in the French Zone, were quite willing to make them justiciable in the French courts.

34. I should anticipate no difficulty in drawing up an agreed nominal list, provided we admitted, as I think we should admit, that the arrangements regarding justiciability and good offices applied only during the lifetime of heads of families. The list would include all persons in the French Zone protected at the time of the agreement as semsars; consular employees (including the small number of former special protégés whom it was agreed in 1923 to treat as supernumerary consular employees in order to reserve for the Menebhis the protection under article 16 of the Madrid Convention); semsars and consular employees in the Spanish Zone; and persons on the Tangier list of ex-protégés, which has remained stereotyped for several years, except for disappearances by death; and, lastly, persons protected in virtue of article 16 of the Madrid Convention, *i.e.*, the twelve Menebhis, who form a special list. Children of persons on the list, wherever resident, and minor relatives living with them, should share in the special status of those on the list, but only, in my opinion, during the lifetime of the latter. It would be well to deal as explicitly as possible with these points, in order to avoid futile disputes such as arose under article 13 of the Tangier Convention.

Consular Courts and future Jurisdiction.

35. I should see no advantage in extending the period of sixty days contemplated in the draft convention of 1919, provided it is made quite clear that cases pending in the consular courts or the supreme court are to be terminated in the British courts through all the degrees of jurisdiction. We should have no interest in provoking a rush of new cases. In my opinion, sixty days should be ample for plaintiffs who had been counting on consular jurisdiction. Colonel Mackereth has a point about cases pending in the courts of Powers which had renounced the Capitulations having been jockeyed into the French courts. I do not quite understand it, and am asking him to develop it further. Provision should be made that the French authorities, administrative or judicial, shall give any necessary assistance in executing decisions of the British courts rendered before the surrender or in cases pending when it is made, including both final decisions and others, *e.g.*, attachment orders, in connexion with which immediate action is necessary.

36. It must, of course, be understood that British subjects will be in the same position as regards jurisdiction as French citizens. This is the accepted principle for all non-capitulatory foreigners. It is for consideration whether we should make it a matter of agreement that in matters of personal status, including the administration of deceased persons' estate, both personal and real, their national law will be applied in the French courts. This is provided for in the present law of the Protectorate, but does not, I think, rest on a treaty basis. I merely propound the point. As a matter of fact, the French courts may have a good deal of difficulty in applying the laws of different parts of the British Empire. Subject to legal opinion, it might be better, if the matter is dealt with at all in the agreement, to have some arrangement on the lines of article 45 of the Morocco Orders in Council, 1889–1929, Consolidated, for cases of this kind.

37. I have seen it suggested, in at least one British quarter, that British subjects should not be left completely at the mercy of French criminal jurisdiction. This appears to me to be quite inevitable and we should have to rely on ordinary diplomatic methods in the event of any serious miscarriage of justice. It would be desirable, if possible, however, to obtain some assurance that British subjects will be subject only to the jurisdiction of the ordinary French courts in penal matters and will not be brought under the jurisdiction of military courts, except in virtue of special measures subsequent to the agreement and adopted for a limited time for the protection of public order in defined areas. Although there has been no recent conflict of an acute kind, we have long been at loggerheads with the French over the question of military courts. Their theory appears to be that, as Morocco is an occupied country, any requirement affecting their troops, however remotely, can be made the subject of military order; and they have held that the jurisdiction conferred by such orders on military courts overrides capitulatory rights. I dealt with the position as regards state of siege and martial law in my despatch No. 181 of the 21st September, 1926. Our objections to British subjects being brought under military jurisdiction in virtue of general military orders were reaffirmed in my note to the Residency of the 26th January, 1927 (copy sent home in my despatch No. 20 of that date).

38. It appears to me reasonable to claim, when giving up the Capitulations, that Morocco should now be regarded as a settled country in which normally there should be no question of trying British subjects in any but the ordinary courts. On the other hand circumstances might easily arise in which it was legitimate and necessary to impose martial law to cope with situations in particular places, *e.g.*, an outbreak in Marrakesh or Fez or even over the whole country in the event of a general revolt. Some such formula as that suggested at the beginning of paragraph 37 above would meet all cases.

39. Another point requiring consideration is that of the imposition of penalties by administrative authorities. This has given rise to questions under the capitulatory régime, *e.g.*, in connexion with liquor shops, cabmen and chauffeurs. When King's Regulation No. 3 of 1926 was made and we gave up our own alleged right of licensing the sale of liquor, we provided by way of reservation that no liquor-shop could be closed without consular consent. In the case of drivers, I have always taken a middle course. I have objected in principle to administrative penalties, like suspension of licence for misconduct, on the grounds that they override the jurisdiction of the consular court and are in effect more severe than any punishment which that court or a French court would normally impose, but I have recognised in practice that, unless police and municipal authorities can exercise a certain amount of direct repression, it is very difficult to ensure respect for regulations. I have ordinarily been content with obtaining a mitigation of the administrative penalty where it has seemed unduly drastic. Under a non-capitulatory system our representations would not carry the same weight, and the question arises whether we should attempt to establish the principle that no penalty shall be enforced except by decision of a court. This might be justified by the consideration that Morocco is still an imperfectly developed country and that the authorities are very diversified, with the result that, if in one place it is a French official who wields administrative power, in another it may be an untrained and semi-civilised caïd. If the general principle were laid down, it would rest with consular officers to use their discretion in enforcing it in particular cases.

Part IV.—*Specific Matters more or less covered by the Draft Convention of 1919, but not dealt with in the Foreign Office Memorandum.*

Real Property.

40. Article 3 of the draft convention of 1919 provides in very general terms that British subjects are entitled to the same rights in respect of real property as French citizens. It is for consideration whether this should be made more explicit and more particularly whether we should not guard in some way against obstacles being put in the way of British subjects wishing to acquire real property in Morocco (*cf.* paragraphs 74 to 76 and 84 below). We might, for instance, if we acquiesce in general restrictions on real property transactions outside zones of security, get rid of any possibility of restriction inside those zones under article 60 of the Act of Algeciras.

41. Apart from this we have to consider two specific matters, namely, the position as regards expropriation and servitudes and redistribution of property by Associations syndicales, and the distribution of land for purposes of colonisation.

42. I have dealt fully in my despatches Nos. 40, 41 and 42 of the 5th March and my despatch No. 47 of the 13th March with the present position as regards expropriation, servitudes, &c. I have already suggested that when renouncing the Capitulations we should obtain a settlement of outstanding disputes under this head. The question remains whether we can do anything to secure future protection for British subjects against expropriation without adequate compensation and against servitudes of long duration. We have to admit that expropriation is a necessary evil in a new country undergoing intensive development and in many cases no exception can be taken to servitudes or to the system of Associations syndicales. Nevertheless, the whole policy of the Protectorate is to subordinate private interests extravagantly to real or alleged public interest. If it were possible to stipulate for some sort of arbitral review in cases where compensation awarded by the French courts in cases of expropriation is considered inadequate or where servitudes run on, say, for more than one year, a great measure of protection could be afforded to British subjects.

43. I do not think that serious exception can be taken to the policy of the Protectorate as regards the distribution of land for purposes of colonisation, however open to question, as a matter of native policy, may be the methods employed to get hold of the land in the first instance. Very broadly speaking that policy is to assign domanial land to prospective settlers graded in certain categories, subject to the condition of their actually exploiting the land. In so far as the categories comprise only French citizens, there is a departure from the principle of equality, but it is difficult to see how it could be otherwise. I have not gone into the subject at all closely, and Colonel Mackereth may have views to express in modification of this negative statement.

Mining Rights in General and Mining Monopolies.

44. Article 3 of the draft convention provides for equality with French citizens in the matter of mining rights. This is all to the good, but the Board of Trade did not think it good enough in 1919 (see *Africa Print*, Part IV, No. 94). Moreover, the present tendency of the Protectorate to introduce State participation in mining enterprise and to reserve all sorts of rights to the State itself, tends to operate to the advantage of the French as compared with foreign interests. I am dealing with this subject in a separate despatch, No. 50, of the 14th March, dealing with the effects of the new mining law promulgated some months ago.

45. We have also to consider the question of mining monopolies. I reverted to this question in my despatch No. 20 of the 31st January, 1930, and suggested that our position under existing treaties should be again reviewed.

Professions and Industrial and other Enterprises.

46. Article 3 of the draft convention provides what seems to be an adequate safeguard as regards liberal professions. As regards industrial and commercial enterprise it may be desirable to establish more completely the principle that those forms of enterprise should be open to British subjects to the same extent and on the same conditions as French citizens. In the memorandum forwarded in Tangier despatch No. 174 of the 28th June, 1924, Mr. Heathcote Smith, then consul at Casablanca, suggested that the only way to keep our end up in Morocco would be to stipulate for a stated percentage of participation in all sorts of enterprises. Even if this were practical politics from our point of view, we could hardly suggest it without presenting an appearance of trying to set up an economic condominium in Morocco; but, as already stated, I think we should preserve the principle of economic equality sufficiently to enable British subjects to create industries on the same conditions as French citizens.

47. I may refer here to a minor difficulty which sometimes gives trouble. It is a common requirement of the local legislation in connexion with licensed occupations, *e.g.*, the practice of medicine, the sale of liquor, &c., that the applicant shall produce a *casier judiciaire*. In some cases British subjects have been asked to produce a *French casier*. There is a more or less general understanding with the Residency at present, in some cases an express understanding

arrived at in connexion with King's Regulations, that the *casier* may be replaced by a consular certificate in the case of British subjects. This is usually a certificate to the effect that the applicant has not been condemned in the Consular Court. It would be useful to make provision in any future general agreement for some appropriate substitute for the *casier judiciaire*, which British subjects normally do not possess. In any case there should be no question of a French *casier*, except possibly in the case of persons who had been resident for a prolonged period in France.

48. The question of industrial and commercial monopolies also arises under this heading. I think it was suggested some time ago in the Spanish Zone that the local authorities might be violating existing treaties by creating monopolies of production. It seems to me doubtful how far we can oppose such monopolies on the basis of existing treaties, much less in future, but I would suggest that point should be considered by the Board of Trade.

Taxation.

49. Article 3 of the draft convention provides for equality in the matter of taxation. The question arises whether its very general wording provides a sufficient safeguard against taxation apparently the same for all, but in reality producing discrimination against British subjects. I have at present no specific grievance in mind as, so far as I know, we have not had any serious occasion to complain of discriminatory taxation. There are, however, possible dangers. The greatest is that, unless it is quite clear that the present customs system is to be maintained intact, the French might be tempted to change it, *e.g.*, by introducing a specific tariff or even by claiming the right to include Morocco in a French Zollverein. We should keep that danger in view and we should have a clear mind as to whether we shall be content with equality or whether the French will be bound not to increase present duties without our consent. The history of the consumption duties is familiar. Although the French claim that they are internal taxes and can defend this view by pointing out that they are charged equally on goods of the same kind produced locally, they, in fact, operate as customs surtaxes, for the simple reason that in many cases no goods of the same kind are produced in Morocco. Another way in which customs duties have in effect been increased, though no fuss has been made about it, has been by the extension of *droits de porte* to seaborne goods.

50. It may be well to have an explicit understanding that the assimilation of British subjects to French citizens will extend to all forms of taxation, including charges for registration, visas, fees for ships' papers, &c., and that British subjects shall be entitled to the benefit of any remission, rebate, bounty, &c., which is accorded to French citizens.

51. There is another small point, namely, the possibility of British subjects being taxed for purposes of which they have no concern. The most definite instance is that of the provision in the latest law of the *patente* tax that *centimes additionnels* may be imposed for the benefit of Chambers of Commerce. Since I wrote the despatch to Casablanca, a copy of which I sent home in my despatch No. 28 of the 13th February, 1930, I have been assured that British subjects are not eligible for membership of the Protectorate Chambers of Commerce, &c., which receive special recognition from the Protectorate and are subsidised.

Consular Immunities.

52. Article 4 of the draft convention of 1919 provides that British consular officers shall enjoy the same immunities as in France. Presumably, we must be satisfied with this in the long run, but it would be well to provide that British consular officers shall enjoy the same immunities as those of the most-favoured nation so long as any such immunities continue. Other States in renouncing the Capitulations have agreed to a general formula waiving, *inter alia*, any capitulatory privileges enjoyed by consuls, but at the present time all career consular officers, including members of the French consular service employed in the Protectorate Administration, still enjoy certain special privileges, *e.g.*, customs immunity.

Banque d'Etat.

53. Article 6 of the draft convention of 1919 provides for the renunciation of rights derived from the Act of Algeciras as regards the State Bank. The question whether the British capital interest in the bank should any longer be retained has been the subject of recent correspondence between the Foreign Office and the Treasury and will presumably be settled before we give up the Capitulations. That correspondence does not touch on the question of our position in regard to the administration of the bank. In view of its present character, I see no objection to our waiving any special position in that respect also, unless the matter is considered of importance from a Tangier point of view.

Schools and Missionaries.

54. Article 7 of the draft convention of 1919 provided for the maintenance of British schools subject to the laws governing other European schools in the French Zone. So far as I know the only British schools at present in existence in French Morocco are the simple schools maintained in some places by missionaries. We have, I think, to consider not so much the question of schools as such, but the question of missionary enterprise as at present carried on, it must be confessed, on old-world lines. Apart from the preaching of Christianity, the distribution of Bibles and such like, missionary work falls under two heads, elementary education and a combination of medical and dispensary work. When the question of its future arose in 1912, general assurances were obtained, as will be seen from the correspondence which passed at the time. See more particularly M. Poincaré's note in *Morocco Print*, Part 45, No. 160.

55. No difficulty has, so far as I know, arisen regarding schools. We have on record M. Poincare's assurance in his note of the 10th January, 1913 (*Morocco Print*, Part 46, No. 7) for what it is worth and we may possibly derive some benefit by most-favoured-nation treatment from article 8 of the Franco-Spanish Treaty of the 27th November, 1912, though I have never had occasion to go into the matter.

56. The particular question of medical work again cropped up in 1913 and was settled by an agreement between the Agency at Tangier and the Residency, the effect of which was that missionaries already established in the country before a certain date in 1912 or 1913 (what exact date is perhaps not very clear) might carry on under the fiction of their being regarded as "nurses" (see Tangier despatch No. 5 of the 8th January, 1914, and Foreign Office reply No. 46 of the 2nd April, 1914).

57. There has been no trouble in recent years and if the agreement has been strained at all it has been strained innocently by the missionaries themselves, who have, I think, imported a certain number of new workers not, strictly speaking, covered by the agreement.

58. On the educational and medical side the missionaries do useful work of a simple kind in a country in which natives have progressed a little beyond what they were in pre-Protectorate days. It can hardly be expected that the French should tolerate indefinitely activities which escape regulations on the conduct of private schools and regulations on the practice of medicine, &c. What I should like to see would be an entirely new agreement that the missions should be allowed to continue on their present lines for a stated period, say ten years, after the renunciation of the Capitulations and that at the end of that time they should be bound to comply with local regulations on education and the practice of medicine. This would give any societies who are prepared to reorganise their missions on modern lines time to do so.

Part V.—*Specific Matters not dealt with in the Draft Convention of* 1919 *or the Foreign Office Memorandum.*

Adjudications.

59. Chapter 6 of the Act of Algeciras provided that "aucun des services publics de l'Empire chérifien ne pourra être aliéné au profit d'intérêts particuliers"; that, if concessions were granted for such services, the authority of the State over them must be maintained intact; and that, in the granting of concessions and in providing for the requirements of the State, the principle of public adjudication would be observed. A special rôle was assigned to the Diplomatic Body at Tangier. It is clear from the text of the Act that when

the Government itself places contracts it is bound by the treaty to the principle of adjudication. The effect of the phrase dealing with concessions is not equally clear. It might be read as meaning that concessions can only be given by adjudication, leaving it uncertain whether the concessionaries, in turn, must put their requirements up to tender. It might possibly be read in other ways. It would appear from numerous papers in the *Morocco Print*, Part 44, that we held, and held strongly, in 1912 that, in principle, concessions, like that for the making of the Casablanca port, could only be given by adjudication, though I do not think we applied the same principles so clearly in the case of the Tangier concessions. On the other hand, it seems to have been held consistently at that time that concessionaries must put their requirements up to tender. Indeed, M. Poincaré himself, when claiming in February 1912 (Part 44, No. 83) that, once the Protectorate was established, concessions could be given at the discretion of the French authorities, admitted that "the work of construction and the supply of materials must be by adjudication." He seems to have taken the same view in the conversation reported by Sir F. Bertie in the following November (*Morocco Print*, Part 45, No. 174). In an intervening statement in the Chamber (*Print*, Part 45, No. 18) he recognised that the Protectorate was tightly bound in the matter by the Act of Algeciras and the Franco-German Treaty of 1911.

60. Article 6 of the Franco-German Treaty is rather more precise than article 107 of the Act, but neither is really clear, and the French interpretative statements were made at a time when they wanted to disarm us and we, on our side, were not anxious to embarrass the French. Putting everything together, however, it may perhaps be deduced that, in 1912, we stood for three distinct principles and considered the Protectorate bound (*a*) to put all its own public works and supplies up to tender; (*b*) to give concessions for public works only by way of adjudication; and (*c*) to see that concessionaries also put everything up to tender. Everything, however, has changed in the French Zone since the treaties on which those principles rest were made. We asserted them strongly in 1912, especially in connexion with the concession for the port of Casablanca. In the Spanish Zone we have quite recently reasserted them. In latter years we have avoided raising any question in the French Zone. Up to a short time ago I was myself unwilling to engage in controversy on the subject in Rabat because in cases where anything in the nature of public works or supplies *was* put up to tender there was no apparent attempt at discrimination on account of nationality; the most we could complain of was that the time allowed was too short to allow of British subjects tendering unless they were represented in Morocco; and there was no particular indication on the part of British firms to tender for anything at all. Under these circumstances, I considered that any discussion on the subject would be academic and sterile. Last July, however, a new situation was created by an announcement by the Resident-General that it was intended to substitute the system of "concours" for that of adjudication. I have been considering, independently of any question of the Capitulations, whether we should not object to this as being a direct violation of our treaty rights. Mr. Rapp is preparing a memorandum on recent developments connected with the introduction of the new system, which will, I hope, facilitate further study of the matter.

61. When the time comes to renounce the Capitulations, we shall have to consider in a more general way how far we can attempt to revive, in part or in whole, our rights under the Act of Algeciras. The subject is so surrounded by difficulty that I hesitate to make any definite recommendations. In view of the complexity of the considerations involved, I think our attitude can only be determined at home.

62. Taking the old principles as stated in paragraph 60 above, we have to consider, firstly, cases in which the Protectorate itself places contracts for supplies and for important public works. It is not unreasonable that, before contracting public works, the Protectorate should consider the qualifications of firms likely to tender, as regards equipment and financial standing. This is the essence of the system of "concours." If it is applied honestly, little exception can be taken to it. Nevertheless, it is obvious that the system can be so manipulated as to confine the ultimate selection to a limited number of firms, who may easily be French firms only. It should also be noted that, since 1912, a large number of organised municipalities have been created in the French

Zone. They are State-controlled, subject to provision for certain consultation bodies. Any rules applying to contracts, &c., placed by the Protectorate Government should apply equally to those placed by municipal authorities. More generally speaking, it is important that in all economic and financial matters the ultimate responsibility of the actual administration for obligations imposed on and liabilities incurred by municipalities and any other State-controlled organisations should be affirmed as clearly as may be possible. The Protectorate is evolving to some extent on lines of decentralisation and the creation of organisations having separate budgets and separate *personnalité morale*.

63. Secondly, we have to consider the question of concessions. Special concessions have been given for a great number of major enterprises, *e.g.*, railways, port works, electric energy, the working of the port at Casablanca, &c., and one great monopoly has been created, namely, the Phosphate Monopoly, which is a State enterprise, but is run as a business concern. Recently, at any rate, there has been no question of putting up such enterprises to public tender. The principle, if it was at any time observed after the establishment of the Protectorate, has fallen into such disuse that it would be very difficult to revive it without excessive interference in the administration of the French Zone.

64. Thirdly, we have to consider whether concessionary companies themselves, and a concern like the Phosphate Monopoly, can be compelled to put up their requirements to tender. In present conditions they rarely do this; in fact, I know of only one instance in which a concessionary company habitually advertises for tenders, namely, the Manutention marocaine, which works the port at Casablanca.

65. It is clear from what precedes that the relevant portion of chapter 6 of the Act of Algeciras has been wrecked largely by circumstances, and partly by our acquiescence in the proceedings of the Protectorate authorities during and after the war. I doubt whether much can be recovered from the wreck, but I feel that the whole position needs examination with a view to the possibility of a redefinition of our rights on the new basis which has been created.

66. In this connexion consideration should be given to the question of the utilisation in the French Zone of German reparation goods, a subject on which I reported in my despatches Nos. 94 and 118 of the 22nd May and the 28th June, 1929.

Company Law.

67. This is a highly technical subject on which I am not competent to express an opinion, but I think it should be considered whether article 3 of the draft convention of 1919 would suffice to give us what I think should be carried out, namely: (*a*) That companies, including banks, insurance companies, &c., constituted under British law should have the same rights as regards carrying on business and establishing agencies as French companies, and should enjoy the same fiscal and other treatment; and (*b*) that British subjects should be in the same position as French citizens and other foreigners in regard to the formation of and participation in companies constituted under the law of the Protectorate.

Restraints on Trade.

68. The Protectorate Government, like every other modern Government, claims the right to impose measures which are always alleged to be and often are in the public interest, but which, nevertheless, conflict with the principles of commercial liberty laid down in the older treaties with Morocco. Unfortunately it pushes the matter to great lengths both as regards the nature of the measures and as regards the powers conferred on administrative departments. In my despatch No. 199 of the 30th December, 1929, I reviewed the activities of the "Service de Répression des Fraudes," more especially in connexion with the import trade. Not only does the legislation initiated by that department impose restrictions which sometimes go beyond the requirements of older countries, but it can easily lead to practical discrimination, as in the case of the soap decrees to which I have so often referred.

69. Another branch of Protectorate legislation imposes hygienic requirements. These have not given rise to any acute question recently, but the length to which they can be carried is illustrated by the correspondence ending with my despatch No. 226 of the 28th November, 1928, on the legislation regarding vegetables.

70. We have also to consider restraints on trade in the nature of import prohibitions, like the prohibition of cereals last year (see correspondence ending with Foreign Office despatch No. 105 of the 19th September, 1929) and restrictions on export trade with which I have dealt to some extent in my despatch No. 155 of the 19th August, 1926.

71. I do not see how we can normally avoid compliance with the requirements of the Protectorate in these various directions, but it would be of the greatest value once we give up our old treaty rights if some means could be found of contesting the requirements when it is alleged that they are used for purposes of discrimination or operate to the disadvantage of British manufacturers and merchants as compared with French citizens.

Requisition and Military Service.

72. It would be useful if some means could be found of protecting British subjects against unreasonable requisitions for purely French purposes. The subject has been touched on in correspondence regarding arrangements for the registration of motor cars and other forms of transport with a view to their being requisitioned ultimately in case of need (see Foreign Office despatch No. 27 of the 31st March, 1927, and previous papers). Once we cease to have special rights we can hardly take exception to such registration and other similar measures, but it may be thought unreasonable that British motor cars, for instance, should stand a chance of being requisitioned, *e.g.*, for the purpose of campaigns in the Sahara, before French citizens have been called on to do their bit.

73. Colonel Mackereth has mentioned to me the question of military service. I take it that there could be no question of calling up British subjects other than those who are persons of dual nationality, and in whose cases we admit that the French or Moorish nationality must be regarded as the master nationality.

Freedom of Circulation, Zones of Security, &c.

74. Article 4 of the General Treaty of 1856 gave British subjects "a free and undoubted right to travel and to reside in Morocco subject to the same precautions of police which are practised towards the subjects or citizens of most favoured nations." In 1912 the French Government raised in a guarded note (*Morocco Print*, Part 44, No. 180) the question of its position in regard to foreigners frequenting parts of the country where it could not guarantee their security. His Majesty's Government made a general reservation of treaty rights (*ibid.*, No. 217), and the French gave an explicit assurance (*ibid.*, No. 241) that they intended only to disclaim responsibility for the consequences of imprudence. "Les distinctions que le Gouvernement marocain pourait être amené à établir entre diverses zones . . . . n'auraient d'autre valeur que celle d'un avertissement," &c. I do not know the subsequent history, if any, of the question; but it is certainly now the settled practice of the Protectorate, when defining zones of security (see correspondence ending with my despatch No. 35 of the 25th February, 1930), to describe them as areas in which free circulation and commercial and real property transactions are authorised. It is implied that there is no freedom of circulation for foreigners outside the zones, and no freedom to engage in trade or deal in real property. The most notable case in which this principle has been enforced has been that of Agadir. The question of that region had acquired such a special character that few people ever thought of its being closed as being a zone of insecurity, but when it was recently opened, the opening was effected by a notice including it in a zone of security, followed afterwards by a dahir declaring the port open to international trade.

75. It seems doubtful how far the restrictions enforced in zones of insecurity are contrary to our existing treaty rights. It may be held that, as regards frequentation of the zones, the French are covered by the caveat regarding police precautions in article 4 of the General Treaty of 1856, and that, as regards real property, they are covered by the combined effect of article 11 of the Madrid Convention and article 60 of the Act of Algeciras. As regards trade, there is probably a breach of the Commercial Treaty of 1856.

76. It is well to have this setting clearly in mind, but I do not think we could, on giving up the Capitulations, contest the right of the French to regulate all the matters in question. On the other hand, it would be well to have express

assurances that British subjects will enjoy the same rights as French citizens and other foreigners in regard to all areas affected by restrictive measures, and will have the full benefit of any relaxations that may be allowed. In the case of Agadir, we acquiesced, as a matter of policy, and without, I think, any clear conception of the treaty position, in its remaining closed, but there is no doubt that, when the opening came in sight, French people were to some extent preferentially treated. The matter is also of potential importance in connexion with mining rights, as there are portions of the zones of insecurity in which the mining law is not in full practice, but in which preliminary rights can be secured.

77. We must presumably acquiesce in British subjects being subject to the same regulations as other foreigners as regards registration with local authorities. It may be mentioned that the only regulations in force at present are military orders. This makes it all the more necessary that British subjects should be treated as well as French citizens.

Postal and other Similar Arrangements.

78. The suppression of the Capitulations must clearly be accompanied by that of British post offices. A time limit will doubtless be fixed. It is a matter for expert consideration whether we can ask for any concessions, which will counterbalance the advantages accruing to French trade from the fact that Morocco is for all practical purposes treated as an extension of France. This gives French citizens an enormous advantage, *e.g.*, in regard to telegrams and parcels. In the case of parcels we shall be losing something definite. Morocco is one of those countries in which parcels post plays a considerable part in trade, and we at present have the advantage of having a well organised service using direct P. and O. transport to Gibraltar, besides paying smaller delivery charges at this end. It may be that, for reasons connected with general international arrangements, we cannot ask for any facilities, but I would suggest that the question be studied by the General Post Office in consultation with the postmaster at Tangier.

79. It is also for consideration, especially in view of the peculiar position of Rabat, whether we should not safeguard our right to use cyphers and to send official correspondence inside Morocco and from and to consular posts in Morocco by messenger.

Representation on Constituted Bodies.

80. The question arises whether we can ask for any British representation on bodies recognised by the Protectorate for consultative purposes, &c. This is not a question which I have ever had occasion to study, but it may be considered preliminarily under three heads :—

81. *Municipal Bodies.*—It is arguable that, in the special conditions of Morocco, British subjects should, in any place in which they are sufficiently numerous or have sufficiently important interests, have some sort of municipal representation, or, alternatively, that they should everywhere have the same voting rights as French citizens. His Majesty's vice-consul at Fez has views on this subject. I am asking him to formulate them. His Majesty's consul at Casablanca may also have views, as his post is the only one in which, apart from protected persons, there is at present a strong and more or less coherent British community with important interests.

82. *Chambers of Commerce, &c.*—There are three types of French Chamber, viz., chambers of commerce and industry, chambers of agriculture, and mixed chambers of commerce, industry and agriculture. A good deal of matter bearing on this will be found in *Rivière*, Vol. III, p. 655, ff. (see especially the three Residential Decrees of the 1st June, 1918, providing an electoral system for the constitution of the chambers. Membership is in all cases confined to French citizens. The chambers have a definite consultative position, and are represented on the Conseil du Gouvernement. The practice of obtaining their views on branches of legislation affecting the interests they represent is on the increase. If we are to have equal rights with French citizens in Morocco, we might well claim to participate in the activities of these chambers in places in which we have important interests. It would obviously be difficult to carry such participation into practice, but it might, for instance, be suggested that in any place in which there are British subjects paying *patente*, they should be entitled either to vote for

membership of the local chamber of commerce or mixed chamber, or else that where there are more than a certain number of British subjects paying *patente*, and, where they have themselves a chamber of commerce, the latter should be entitled to nominate a person to be a member of the French chamber. I do not put this forward as a final opinion, but merely as a basis for further consideration of a question which seems to me fairly important.

83. *Third College.*—I explained the nature of this body in my despatch No. 196 of the 19th October, 1926. It forms part of the advisory Conseil du Gouvernement, which meets at intervals at the Residency. French citizens are once again placed in a privileged position, and it might be argued that British subjects should be entitled to vote, but I feel that to put forward such a demand would be inconsistent with our renunciation of political interest in Morocco, and that, even if we could get it accepted, very little material benefit would result.

Illegitimate Pressure on Natives in connexion with Dealings with British Subjects.

84. His Majesty's vice-consul at Fez has drawn my attention to the danger of French authorities, more especially those concerned with native affairs, using their power over natives to restrain them from dealing with British subjects in regard to goods and land. He writes as follows :—

> "If and when the French Affaires indigènes can freely threaten natives against treating in English goods by abusing their coercive power over natives, they will not hesitate to do so; they have done so before. I have come across many cases where official efforts have been made to persuade native merchants not to trade with foreigners. They have frequently prevented natives selling lands to foreigners and obliged them to sell them to Frenchmen."

85. Here we have a parallel to the evil which article 4 of the Commercial Convention of 1856 sought to guard against, and that which formed the subject of correspondence in 1912 (see *Morocco Print*, Part 44, more especially No. 90 A). It is difficult to secure protection against such abuses in a modern treaty, but the possibility of obtaining assurances should be considered.

Other Abuses of Power.

86. His Majesty's vice-consul at Fez also draws attention to another possibility of abuse as follows :—

> "I should like to see it formally stated that the Government, and especially the kaids and such-like officials, may not under any circumstances force British subjects, semsars, or other protected persons, to do work or perform any service not of their own free will."

Colonel Mackereth has, I think, in view purely arbitrary demands by native authorities. So far as I know, there is no legal basis for such demands, and I doubt whether provision can be made in a treaty against palpable illegalities of this kind. It is clear, from the dahir of the 10th July, 1924, covered by King's Regulation No. 7 of 1924, that, in the case of "contribuables européens et assimilés," a compulsory money tax is substituted for forced labour. If it be thought necessary to deal with the matter by agreement, it might possibly be laid down that British subjects and former protégés entitled to good offices shall not in any circumstances be liable to forced labour or other forced services.